

# Senate Study Bill 1318

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CO=CHAIRPERSON ZIEMAN)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to taxation by making changes to assessment of  
2 property for purposes of property taxation, county and city  
3 budgets funded primarily by property taxes and service  
4 charges, school district budgets funded primarily by state and  
5 local taxes, state mandates funding, local assessors, and  
6 property tax exemptions and credits, creating an  
7 implementation committee, and including effective and  
8 applicability date provisions.  
9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
10 TLSB 3632SC 81  
11 sc/gg/14

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1 1 DIVISION I  
1 2 LOCAL BUDGETS AND PROPERTY TAXES  
1 3 Section 1. Section 23A.2, subsection 10, paragraph h, Code  
1 4 2005, is amended to read as follows:  
1 5 h. The performance of an activity listed in section  
1 6 331.424, Code or Code Supplement 2005, as a service ~~for~~ which  
1 7 a ~~supplemental levy~~ county may ~~be certified~~ include in its  
1 8 budget.  
1 9 Sec. 2. Section 24.48, unnumbered paragraphs 4, 5, and 7,  
1 10 Code 2005, are amended by striking the unnumbered paragraphs.  
1 11 Sec. 3. Section 24.48, unnumbered paragraph 6, Code 2005,  
1 12 is amended to read as follows:  
1 13 For purposes of this section only, "political subdivision"  
1 14 means a ~~city~~, school district, or any other special purpose  
1 15 district which certifies its budget to the county auditor and  
1 16 derives funds from a property tax levied against taxable  
1 17 property situated within the political subdivision.  
1 18 Sec. 4. Section 25B.2, subsection 3, Code 2005, is amended  
1 19 by striking the subsection.  
1 20 Sec. 5. NEW SECTION. 25B.3A UNFUNDED STATE MANDATES ==  
1 21 EFFECT.  
1 22 If, on or after July 1, 2006, a state mandate is enacted by  
1 23 the general assembly, or otherwise imposed, on a political  
1 24 subdivision and the state mandate requires a political  
1 25 subdivision to engage in any new activity, to provide a new  
1 26 service, or to provide any service beyond that required by any  
1 27 law enacted prior to July 1, 2006, and the state does not  
1 28 appropriate moneys to fully fund the cost of the state mandate  
1 29 as those costs are identified pursuant to section 25B.5, the  
1 30 political subdivision is not required to perform the activity  
1 31 or provide the new or increased service and the political  
1 32 subdivision shall not be subject to any liabilities imposed by  
1 33 the state or the imposition of any fines or penalties for the  
1 34 failure to comply with the state mandate.  
1 35 Sec. 6. Section 28M.5, subsection 1, unnumbered paragraphs  
2 1 1 and 2, Code 2005, are amended to read as follows:  
2 2 The commission, with the approval of the board of  
2 3 supervisors of participating counties and the city council of  
2 4 participating cities, may levy annually a tax not to exceed  
2 5 ninety-five cents per thousand dollars of the assessed value  
2 6 of all taxable property in a regional transit district.  
2 7 ~~However, for a city participating in a regional transit~~  
2 8 ~~district, the total of all the tax levies imposed in the city~~  
2 9 ~~pursuant to section 384.12, subsection 10, and this section~~  
2 10 ~~shall not exceed the aggregate of ninety-five cents per~~

2 11 thousand dollars of the assessed value of all taxable property  
2 12 ~~in the participating city.~~

2 13 The amount of the regional transit district levy that is  
2 14 the responsibility of a participating county shall be deducted  
2 15 from the maximum rates of taxes authorized to be levied by the  
2 16 county ~~pursuant to section 331.423, subsections 1 and 2, as~~  
2 17 ~~applicable for general and rural county services.~~ However,  
2 18 for a regional transit district that includes a county with a  
2 19 population of less than three hundred thousand, the amount of  
2 20 the regional transit district levy that is the responsibility  
2 21 of a participating county shall be deducted from the maximum  
2 22 rate of taxes authorized to be levied by the county ~~pursuant~~  
2 23 ~~to section 331.423, subsection 1 for general county services.~~

2 24 Sec. 7. Section 37.8, Code 2005, is amended to read as  
2 25 follows:

2 26 37.8 LEVY FOR MAINTENANCE.

2 27 For the development, operation, and maintenance of a  
2 28 building or monument constructed, purchased, or donated under  
2 29 this chapter, a city may levy a tax ~~not to exceed eighty-one~~  
2 30 ~~cents per thousand dollars of assessed value on all the~~  
2 31 ~~taxable property within the city, as provided in section~~  
2 32 ~~384.12, subsection 2 subject to the limitation in section~~  
2 33 ~~384.1.~~

2 34 Sec. 8. Section 123.38, unnumbered paragraph 2, Code 2005,  
2 35 is amended to read as follows:

3 1 Any licensee or permittee, or the licensee's or permittee's  
3 2 executor or administrator, or any person duly appointed by the  
3 3 court to take charge of and administer the property or assets  
3 4 of the licensee or permittee for the benefit of the licensee's  
3 5 or permittee's creditors, may voluntarily surrender a license  
3 6 or permit to the division. When a license or permit is  
3 7 surrendered the division shall notify the local authority, and  
3 8 the division or the local authority shall refund to the person  
3 9 surrendering the license or permit, a proportionate amount of  
3 10 the fee received by the division or the local authority for  
3 11 the license or permit as follows: if a license or permit is  
3 12 surrendered during the first three months of the period for  
3 13 which it was issued, the refund shall be three-fourths of the  
3 14 amount of the fee; if surrendered more than three months but  
3 15 not more than six months after issuance, the refund shall be  
3 16 one-half of the amount of the fee; if surrendered more than  
3 17 six months but not more than nine months after issuance, the  
3 18 refund shall be one-fourth of the amount of the fee. No  
3 19 refund shall be made, however, for any special liquor permit,  
3 20 nor for a liquor control license, wine permit, or beer permit  
3 21 surrendered more than nine months after issuance. For  
3 22 purposes of this paragraph, any portion of license or permit  
3 23 fees used for the purposes authorized in section 331.424,  
3 24 subsection 1, paragraphs "a" and "b", Code or Code Supplement  
3 25 2005, and in section 331.424A, shall not be deemed received  
3 26 either by the division or by a local authority. No refund  
3 27 shall be made to any licensee or permittee, upon the surrender  
3 28 of the license or permit, if there is at the time of  
3 29 surrender, a complaint filed with the division or local  
3 30 authority, charging the licensee or permittee with a violation  
3 31 of this chapter. If upon a hearing on a complaint the license  
3 32 or permit is not revoked or suspended, then the licensee or  
3 33 permittee is eligible, upon surrender of the license or  
3 34 permit, to receive a refund as provided in this section; but  
3 35 if the license or permit is revoked or suspended upon hearing  
4 1 the licensee or permittee is not eligible for the refund of  
4 2 any portion of the license or permit fee.

4 3 Sec. 9. Section 218.99, Code 2005, is amended to read as  
4 4 follows:

4 5 218.99 COUNTIES TO BE NOTIFIED OF PATIENTS' PERSONAL  
4 6 ACCOUNTS.

4 7 The administrator in control of a state institution shall  
4 8 direct the business manager of each institution under the  
4 9 administrator's jurisdiction which is mentioned in section  
4 10 331.424, subsection 1, paragraphs "a" and "b", Code or Code  
4 11 Supplement 2005, and for which services are paid under section  
4 12 331.424A, to quarterly inform the county of legal settlement's  
4 13 entity designated to perform the county's central point of  
4 14 coordination process of any patient or resident who has an  
4 15 amount in excess of two hundred dollars on account in the  
4 16 patients' personal deposit fund and the amount on deposit.  
4 17 The administrators shall direct the business manager to  
4 18 further notify the entity designated to perform the county's  
4 19 central point of coordination process at least fifteen days  
4 20 before the release of funds in excess of two hundred dollars  
4 21 or upon the death of the patient or resident. If the patient

4 22 or resident has no county of legal settlement, notice shall be  
4 23 made to the director of human services and the administrator  
4 24 in control of the institution involved.

4 25 Sec. 10. Section 257.1, subsection 2, unnumbered paragraph  
4 26 2, Code 2005, is amended to read as follows:

4 27 For the budget year commencing July 1, ~~1999~~ 2007, and for  
4 28 each succeeding budget year the regular program foundation  
4 29 base per pupil is ~~eighty-seven and five-tenths~~ ninety-five  
4 30 percent of the regular program state cost per pupil. For the  
4 31 budget year commencing July 1, 1991, and for each succeeding  
4 32 budget year the special education support services foundation  
4 33 base is seventy-nine percent of the special education support  
4 34 services state cost per pupil. The combined foundation base  
4 35 is the sum of the regular program foundation base and the  
5 1 special education support services foundation base.

5 2 Sec. 11. Section 257.3, subsection 1, unnumbered paragraph  
5 3 1, Code 2005, is amended to read as follows:

5 4 Except as provided in subsections 2 and 3, a school  
5 5 district shall cause to be levied each year, for the school  
5 6 general fund, a foundation property tax equal to ~~five~~ four  
5 7 dollars and ~~forty~~ thirty-two cents per thousand dollars of  
5 8 assessed valuation on all taxable property in the district.  
5 9 The county auditor shall spread the foundation levy over all  
5 10 taxable property in the district.

5 11 Sec. 12. Section 257.3, subsection 2, paragraphs a and b,  
5 12 Code 2005, are amended to read as follows:

5 13 a. Notwithstanding subsection 1, a reorganized school  
5 14 district shall cause a foundation property tax of ~~four~~ three  
5 15 dollars and ~~forty~~ fifty-two cents per thousand dollars of  
5 16 assessed valuation to be levied on all taxable property which,  
5 17 in the year preceding a reorganization, was within a school  
5 18 district affected by the reorganization as defined in section  
5 19 275.1, or in the year preceding a dissolution was a part of a  
5 20 school district that dissolved if the dissolution proposal has  
5 21 been approved by the director of the department of education  
5 22 pursuant to section 275.55.

5 23 b. In succeeding school years, the foundation property tax  
5 24 levy on that portion shall be increased to the rate of ~~four~~  
5 25 three dollars and ~~ninety~~ ninety-two cents per thousand dollars  
5 26 of assessed valuation the first succeeding year, ~~five~~ four  
5 27 dollars and ~~fifteen~~ twelve cents per thousand dollars of  
5 28 assessed valuation the second succeeding year, and ~~five~~ four  
5 29 dollars and ~~forty~~ thirty-two cents per thousand dollars of  
5 30 assessed valuation the third succeeding year and each year  
5 31 thereafter.

5 32 Sec. 13. NEW SECTION. 257A.1 PROPERTY TAX LIMITATION.

5 33 1. For property taxes due and payable in the fiscal year  
5 34 beginning July 1, 2007, and all subsequent fiscal years,  
5 35 property taxes levied by a school district shall not exceed  
6 1 the following percentages of the actual value of the property  
6 2 as determined by the assessor after application of the  
6 3 appropriate reduction in section 441.21:

6 4 a. For residential property, one-fourth of one percent.

6 5 b. For income residential property, one-fourth of one  
6 6 percent.

6 7 c. For commercial property, three-fourths of one percent.

6 8 d. For industrial property, one-half of one percent.

6 9 e. For agricultural property, one-fourth of one percent.

6 10 2. In any fiscal year, the ratio of the percentage amount  
6 11 actually levied to the maximum percentage levy allowed shall  
6 12 be the same for each type of property in subsection 1.

6 13 3. This section applies to all school district property  
6 14 tax levies, other than those authorized in sections 257.3 and  
6 15 257.4.

6 16 4. a. For the fiscal year beginning July 1, 2007, the  
6 17 percentage tax rate levied against each type of property  
6 18 described in subsection 1 shall not exceed the sum of one=  
6 19 fourth of one percent plus the corresponding percentage tax  
6 20 rate imposed against that type of property in the fiscal year  
6 21 beginning July 1, 2006. For the fiscal years beginning July  
6 22 1, 2008, and July 1, 2009, the percentage tax rate levied  
6 23 against each type of property described in subsection 1 shall  
6 24 not exceed the sum of one-fourth of one percent plus the  
6 25 percentage tax rate imposed for the previous fiscal year.  
6 26 Implementation of this subsection shall not cause the  
6 27 percentage tax rate levied against any type of property  
6 28 described in subsection 1 to exceed the limitations in that  
6 29 subsection.

6 30 b. If, for the fiscal year beginning July 1, 2006, the  
6 31 corresponding percentage tax rate imposed against each type of  
6 32 property described in subsection 1 exceeds the percentage rate

6 33 limitations in subsection 1, a school district shall reduce  
6 34 its levy over a three-year period in order to meet the  
6 35 percentage rate limitation requirements of subsection 1.  
7 1 Sec. 14. NEW SECTION. 257A.2 PROPERTY TAX LIMITATION ==  
7 2 CONSUMER PRICE INDEX.  
7 3 1. Notwithstanding the limitation in section 257A.1,  
7 4 beginning with the fiscal year beginning July 1, 2010, the  
7 5 amount of property taxes to be levied by a school district  
7 6 against any class of property for the budget year cannot  
7 7 exceed the amount computed in this section. This section  
7 8 applies to all school district property tax levies, other than  
7 9 those authorized in sections 257.3 and 257.4.  
7 10 2. The school district property tax limitation shall be  
7 11 computed as follows:  
7 12 a. Determine the amount of property taxes levied as a  
7 13 percent of taxable value in the current fiscal year.  
7 14 b. Determine the sum of the amount of taxable value of  
7 15 property for the current fiscal year, and the amount of  
7 16 increase in taxable value of property due to new construction,  
7 17 additions or improvements to existing structures, expiration  
7 18 of tax abatement under chapter 404, and any increase in  
7 19 valuation because of reclassification of property.  
7 20 c. Multiply the percent calculated in paragraph "a" times  
7 21 the amount in paragraph "b".  
7 22 d. Multiply the product determined in paragraph "c" times  
7 23 the sum of one plus the consumer price index.  
7 24 3. For purposes of this section, "consumer price index"  
7 25 means the percentage rate of change in the consumer price  
7 26 index as tabulated by the United States department of labor,  
7 27 bureau of labor statistics, for the twelve-month period ending  
7 28 June 30 of the previous fiscal year.  
7 29 Sec. 15. Section 331.263, subsection 2, Code 2005, is  
7 30 amended to read as follows:  
7 31 2. The governing body of the community commonwealth shall  
7 32 have the authority to levy county taxes and shall have the  
7 33 authority to levy city taxes to the extent the city tax levy  
7 34 authority is transferred by the charter to the community  
7 35 commonwealth. A city participating in the community  
8 1 commonwealth shall transfer a portion of the city's tax levy  
8 2 authorized under section 384.1 ~~or 384.12, whichever is~~  
~~8 3 applicable,~~ to the governing body of the community  
8 4 commonwealth. The maximum rates of taxes authorized to be  
8 5 levied under ~~sections~~ section 384.1 ~~and 384.12~~ by a city  
8 6 participating in the community commonwealth shall be reduced  
8 7 by an amount equal to the rates of the same or similar taxes  
8 8 levied in the city by the governing body of the community  
8 9 commonwealth.  
8 10 Sec. 16. Section 331.301, subsections 11 and 12, Code  
8 11 2005, are amended to read as follows:  
8 12 11. A county may levy for tort liability insurance,  
~~8 13 property insurance, and any other insurance that may be~~  
~~8 14 necessary in the operation of the county, costs of a self=~~  
~~8 15 insurance program, costs of a local government risk pool, and~~  
~~8 16 amounts payable under any insurance agreements to provide or~~  
~~8 17 procure such insurance, self=insurance program, or local~~  
~~8 18 government risk pool.~~ A county may enter into insurance  
8 19 agreements obligating the county to make payments beyond its  
8 20 current budget year to procure or provide for a policy of  
8 21 insurance, a self=insurance program, or a local government  
8 22 risk pool to protect the county against tort liability, loss  
8 23 of property, or any other risk associated with the operation  
8 24 of the county. Such a self=insurance program or local  
8 25 government risk pool is not insurance and is not subject to  
8 26 regulation under chapters 505 through 523C. However, those  
8 27 self=insurance plans regulated pursuant to section 509A.14  
8 28 shall remain subject to the requirements of section 509A.14  
8 29 and rules adopted pursuant to that section.  
8 30 12. The board of supervisors may credit funds to a reserve  
8 31 for the purposes authorized by subsection 11 of this section+  
~~8 32 section 331.424, subsection 1, paragraph "f"; and section~~  
8 33 331.441, subsection 2, paragraph "b". Moneys credited to the  
8 34 reserve, and interest earned on such moneys, shall remain in  
8 35 the reserve until expended for purposes authorized by  
9 1 subsection 11 of this section+ ~~section 331.424, subsection 1,~~  
~~9 2 paragraph "f"+ or section 331.441, subsection 2, paragraph~~  
9 3 "b".  
9 4 Sec. 17. Section 331.421, Code 2005, is amended by adding  
9 5 the following new subsections:  
9 6 NEW SUBSECTION. 1A. "Budget year" is the fiscal year  
9 7 beginning during the calendar year in which a budget is first  
9 8 certified.

9 9 NEW SUBSECTION. 2A. "Current fiscal year" is the fiscal  
9 10 year ending during the calendar year in which a budget is  
9 11 first certified.

9 12 Sec. 18. Section 331.421, subsection 10, Code 2005, is  
9 13 amended by striking the subsection.

9 14 Sec. 19. Section 331.422, unnumbered paragraph 1, Code  
9 15 2005, is amended to read as follows:

9 16 Subject to this section and sections 331.423 through  
9 17 ~~331.426~~ 331.424C or as otherwise provided by state law, the  
9 18 board of each county shall certify property taxes annually at  
9 19 its March session to be levied for county purposes as follows:

9 20 Sec. 20. Section 331.423, Code 2005, is amended by  
9 21 striking the section and inserting in lieu thereof the  
9 22 following:

9 23 331.423 PROPERTY TAX LEVY LIMITATION.

9 24 1. Annually, the board may certify a levy subject to the  
9 25 limits in this section and section 444.29. For property taxes  
9 26 due and payable in the fiscal year beginning July 1, 2007, and  
9 27 all subsequent fiscal years, property taxes levied by a county  
9 28 shall not exceed the following percentages of the actual value  
9 29 of the property as determined by the assessor after the  
9 30 appropriate reduction in section 441.21 is applied:

9 31 a. For residential property in the incorporated areas of  
9 32 the county, one-fourth of one percent.

9 33 b. For residential property in the unincorporated areas of  
9 34 the county, one percent.

9 35 c. For commercial property in the incorporated areas of  
10 1 the county, three-fourths of one percent.

10 2 d. For commercial property in the unincorporated areas of  
10 3 the county, two percent.

10 4 e. For industrial property in the incorporated areas of  
10 5 the county, one percent.

10 6 f. For industrial property in the unincorporated areas of  
10 7 the county, three percent.

10 8 g. For agricultural property in the incorporated areas of  
10 9 the county, one-fourth of one percent.

10 10 h. For agricultural property in the unincorporated areas  
10 11 of the county, three-fourths of one percent.

10 12 i. For income residential property in the incorporated  
10 13 areas of the county, one-half of one percent.

10 14 j. For income residential property in the unincorporated  
10 15 areas of the county, one-half of one percent.

10 16 2. Notwithstanding subsection 1, paragraph "c", property  
10 17 taxes levied by a county against commercial property in the  
10 18 incorporated areas of the county shall not exceed the  
10 19 following percentages of the actual value of the property as  
10 20 determined by the assessor after the appropriate reduction in  
10 21 section 441.21 is applied:

10 22 a. For property taxes due and payable in the fiscal year  
10 23 beginning July 1, 2007, one percent.

10 24 b. For property taxes due and payable in the fiscal year  
10 25 beginning July 1, 2008, seven-eighths of one percent.

10 26 3. a. In any fiscal year, the ratio of the percentage  
10 27 amount actually levied and the maximum percentage levy allowed  
10 28 shall be the same for each type of property in subsection 1,  
10 29 paragraphs "a", "c", "e", "g", and "i", and subsection 2, when  
10 30 applicable.

10 31 b. In any fiscal year, the ratio of the percentage amount  
10 32 actually levied and the maximum percentage levy allowed shall  
10 33 be the same for each type of property in subsection 1,  
10 34 paragraphs "b", "d", "f", "h", and "j".

10 35 4. The limitations in subsections 1 and 2 do not apply to  
11 1 amounts levied for debt service pursuant to section 331.430.

11 2 5. a. For the fiscal year beginning July 1, 2007, the  
11 3 percentage tax rate levied against each type of property  
11 4 described in subsections 1 and 2 shall not exceed the sum of  
11 5 one-fourth of one percent plus the corresponding percentage  
11 6 tax rate imposed against that type of property in the fiscal  
11 7 year beginning July 1, 2006. For the fiscal years beginning  
11 8 July 1, 2008, and July 1, 2009, the percentage tax rate levied  
11 9 against each type of property described in subsections 1 and 2  
11 10 shall not exceed the sum of one-fourth of one percent plus the  
11 11 percentage tax rate imposed for the previous fiscal year.

11 12 Implementation of this subsection shall not cause the  
11 13 percentage tax rate levied against any type of property  
11 14 described in subsections 1 and 2 to exceed the limitations in  
11 15 those subsections.

11 16 b. If, for the fiscal year beginning July 1, 2006, the  
11 17 corresponding percentage tax rate imposed against each type of  
11 18 property described in subsections 1 and 2 exceeds the  
11 19 percentage rate limitations in those subsections, a county

11 20 shall reduce its levy over a three-year period in order to  
11 21 meet the percentage rate limitation requirements of  
11 22 subsections 1 and 2.

11 23 Sec. 21. NEW SECTION. 331.423A ENDING FUND BALANCE.

11 24 1. Effective for a fiscal year beginning on or after July  
11 25 1, 2010, budgeted ending fund balances for a budget year in  
11 26 excess of twenty-five percent of budgeted expenditures in  
11 27 either the general fund or rural services fund for that budget  
11 28 year shall be explicitly reserved or designated for a specific  
11 29 purpose and specifically described in the certified budget.  
11 30 The certified budget for the budget year shall include a  
11 31 description of any changes from the current fiscal year to the  
11 32 explicitly reserved or designated purpose for the excess  
11 33 ending fund balance as specifically described in the certified  
11 34 budget. For purposes of this section, ending fund balances  
11 35 shall be determined either on a cash basis or an accrual  
12 1 basis, whichever is consistent with the method used for the  
12 2 county's budget. The description shall include the projected  
12 3 date that the expenditures will be appropriated for the  
12 4 specific purpose. Budgeted ending fund balances reserved or  
12 5 designated shall only be used for the purpose specifically  
12 6 described in the certified budget. The certified budget shall  
12 7 not be amended for the purpose of changing the specific  
12 8 purpose after the budget year begins.

12 9 2. In a protest to the county budget under section  
12 10 331.436, the county shall have the burden of proving that the  
12 11 budgeted ending fund balances in excess of twenty-five percent  
12 12 are reasonably likely to be appropriated for the explicitly  
12 13 reserved or designated specific purpose by the date identified  
12 14 in the certified budget.

12 15 3. The budgeted ending fund balance in excess of twenty=  
12 16 five percent of expenditures for the general fund or rural  
12 17 services fund shall be considered an increase in an item in  
12 18 the budget for purposes of section 24.28. The state appeal  
12 19 board may certify a decision in accordance with section 24.32  
12 20 that requires a reduction in the budgeted ending fund balance  
12 21 for a particular fund.

12 22 4. For purposes of this section, the general fund includes  
12 23 the general basic fund and the general supplemental fund and  
12 24 the rural services fund includes the rural services basic fund  
12 25 and the rural services supplemental fund.

12 26 Sec. 22. NEW SECTION. 331.423B SERVICE CHARGE IN LIEU OF  
12 27 PROPERTY TAXES.

12 28 A county may adopt an ordinance imposing a service charge  
12 29 against all property located in the county. Service charges  
12 30 are due and payable at the same time and in the same manner as  
12 31 property taxes are paid. Service charges collected pursuant  
12 32 to this section shall be deposited into the county general  
12 33 services fund or rural services fund, as applicable, for use  
12 34 in funding the service for which the service charge was  
12 35 imposed. The maximum percentages of actual value allowed to  
13 1 be levied pursuant to section 331.423 shall be adjusted to  
13 2 reflect the amount of service charges estimated to be  
13 3 collected in a fiscal year.

13 4 Real property subject to a service charge, which property  
13 5 is exempt from property taxation, shall be valued and assessed  
13 6 as required in section 427.1, subsection 18, and in accordance  
13 7 with chapter 441, and the owner or other persons as authorized  
13 8 by chapter 441 are entitled to protest any assessment and take  
13 9 appeals in the same manner as any taxpayer.

13 10 Sec. 23. Section 331.424A, subsection 4, Code 2005, is  
13 11 amended to read as follows:

13 12 4. For the fiscal year beginning July 1, 1996, and for  
13 13 each subsequent fiscal year, the county shall certify a levy  
13 14 for payment of services. For each fiscal year, county  
13 15 revenues from taxes imposed by the county credited to the  
13 16 services fund shall not exceed an amount equal to the amount  
13 17 of base year expenditures for services as defined in section  
13 18 331.438, less the amount of property tax relief to be received  
13 19 pursuant to section 426B.2, in the fiscal year for which the  
13 20 budget is certified. The county auditor and the board of  
13 21 supervisors shall reduce the amount of the levy certified for  
13 22 the services fund by the amount of property tax relief to be  
13 23 received. A levy certified under this section is not subject  
13 24 to the any appeal provisions of ~~section 331.426 or to any~~

~~13 25 other provision~~ in law authorizing a county to exceed,  
13 26 increase, or appeal a property tax levy limit.

13 27 Sec. 24. Section 331.427, subsection 3, paragraph 1, Code  
13 28 2005, is amended to read as follows:

13 29 1. Services listed in section 331.424, subsection 1, Code  
13 30 or Code Supplement 2005, and section 331.554.

13 31 Sec. 25. Section 331.428, subsection 2, paragraph d, Code  
13 32 2005, is amended to read as follows:  
13 33 d. Services listed under section 331.424, subsection 2,  
13 34 ~~Code or Code Supplement 2005.~~

13 35 Sec. 26. Section 331.429, subsection 1, paragraphs a and  
14 1 b, Code 2005, are amended to read as follows:  
14 2 a. Transfers from the general fund not to exceed in any  
14 3 year the dollar equivalent of a tax of sixteen and seven=  
14 4 eighths cents per thousand dollars of assessed value on all  
14 5 taxable property in the county multiplied by the ratio of  
~~14 6 current taxes actually collected and apportioned for the~~  
~~14 7 general basic levy to the total general basic levy for the~~  
~~14 8 current year in section 331.423, subsection 3, paragraph "a",~~  
14 9 and an amount equivalent to the moneys derived by the general  
14 10 fund from ~~military service tax credits under chapter 426A,~~  
~~14 11 manufactured or mobile home taxes under section 435.22, and~~  
14 12 delinquent taxes for prior years collected and apportioned to  
14 13 the general basic fund in the current year, multiplied by the  
14 14 ratio of sixteen and seven=eighths cents to three dollars and  
14 15 fifty cents.  
14 16 b. Transfers from the rural services fund not to exceed in  
14 17 any year the dollar equivalent of a tax of three dollars and  
14 18 three=eighths cents per thousand dollars of assessed value on  
14 19 all taxable property not located within the corporate limits  
14 20 of a city in the county multiplied by the ratio of ~~current~~  
~~14 21 taxes actually collected and apportioned for the rural~~  
~~14 22 services basic levy to the total rural services basic levy for~~  
~~14 23 the current year in section 331.423, subsection 3, paragraph~~  
14 24 "b", and an amount equivalent to the moneys derived by the  
14 25 rural services fund from ~~military service tax credits under~~  
~~14 26 chapter 426A, manufactured or mobile home taxes under section~~  
~~14 27 435.22, and~~ delinquent taxes for prior years collected and  
14 28 apportioned to the rural services basic fund in the current  
14 29 year, multiplied by the ratio of three dollars and three=  
14 30 eighths cents to three dollars and ninety=five cents.

14 31 Sec. 27. Section 331.434, unnumbered paragraph 1, Code  
14 32 2005, is amended to read as follows:  
14 33 Annually, the board of each county, subject to sections  
14 34 331.423 through ~~331.426~~ 331.424C and other applicable state  
14 35 law, shall prepare and adopt a budget, certify taxes, and  
15 1 provide appropriations as follows:  
15 2 Sec. 28. Section 331.435, unnumbered paragraph 1, Code  
15 3 2005, is amended to read as follows:  
15 4 The board may amend the adopted county budget, subject to  
15 5 sections 331.423 through ~~331.426~~ 331.424C and other applicable  
15 6 state law, to permit increases in any class of proposed  
15 7 expenditures contained in the budget summary published under  
15 8 section 331.434, subsection 3.  
15 9 Sec. 29. Section 331.436, Code 2005, is amended by adding  
15 10 the following new unnumbered paragraph:  
15 11 NEW UNNUMBERED PARAGRAPH. For purposes of a protest to the  
15 12 adopted budget, "item" means a budgeted expenditure,  
15 13 appropriation, or cash reserve from a fund for a service area,  
15 14 program, program element, or purpose.  
15 15 Sec. 30. Section 335.30A, unnumbered paragraph 2, Code  
15 16 2005, is amended to read as follows:  
15 17 "Land=leased community" means any site, lot, field, or  
15 18 tract of land under common ownership upon which ten or more  
15 19 occupied manufactured homes are harbored, either free of  
15 20 charge or for revenue purposes, and shall include any  
15 21 building, structure, or enclosure used or intended for use as  
15 22 part of the equipment of the land=leased community. The term  
15 23 "land=leased community" shall not be construed to include  
15 24 homes, buildings, or other structures temporarily maintained  
15 25 by any individual, educational institution, or company on  
15 26 their own premises and used exclusively to house their own  
15 27 labor or students. A manufactured home located in a land=  
15 28 leased community shall be taxed under section 435.22 ~~as if the~~  
~~15 29 manufactured home were located in a mobile home park.~~

15 30 Sec. 31. Section 373.10, Code 2005, is amended to read as  
15 31 follows:  
15 32 373.10 TAXING AUTHORITY.  
15 33 The metropolitan council shall have the authority to levy  
15 34 city taxes to the extent the city tax levy authority is  
15 35 transferred by the charter to the metropolitan council. A  
16 1 member city shall transfer a portion of the city's tax levy  
16 2 authorized under section 384.1 ~~or 384.12, whichever is~~  
~~16 3 applicable,~~ to the metropolitan council. The maximum rates of  
16 4 taxes authorized to be levied under ~~sections~~ section 384.1 and  
~~16 5 384.12~~ by a member city shall be reduced by an amount equal to  
16 6 the rates of the same or similar taxes levied in the city by

16 7 the metropolitan council.

16 8 Sec. 32. Section 384.1, Code 2005, is amended by striking  
16 9 the section and inserting in lieu thereof the following:

16 10 384.1 PROPERTY TAX LEVY LIMITATION.

16 11 1. Annually, a city may certify a levy subject to the  
16 12 limits in this section and section 444.29. For property taxes  
16 13 due and payable in the fiscal year beginning July 1, 2007, and  
16 14 all subsequent fiscal years, property taxes levied by a city  
16 15 shall not exceed the following percentages of the actual value  
16 16 of the property as determined by the assessor after the  
16 17 appropriate reduction in section 441.21 is applied:

16 18 a. For residential property, one percent.

16 19 b. For commercial property, one and one-half percent.

16 20 c. For industrial property, two percent.

16 21 d. For agricultural property, three-fourths of one  
16 22 percent.

16 23 e. For income residential property, one and one-half  
16 24 percent.

16 25 2. Notwithstanding subsection 1, paragraph "b", property  
16 26 taxes levied by a city against commercial property shall not  
16 27 exceed the following percentages of the actual value of the  
16 28 property as determined by the assessor after the appropriate  
16 29 reduction in section 441.21 is applied:

16 30 a. For property taxes due and payable in the fiscal year  
16 31 beginning July 1, 2007, two percent.

16 32 b. For property taxes due and payable in the fiscal year  
16 33 beginning July 1, 2008, one and three-fourths percent.

16 34 3. In any fiscal year, the ratio of the percentage amount  
16 35 actually levied to the maximum percentage levy allowed shall  
17 1 be the same for each type of property in subsections 1 and 2.

17 2 4. The limitations in subsections 1 and 2 do not apply to  
17 3 amounts levied for debt service pursuant to section 384.4.

17 4 5. a. For the fiscal year beginning July 1, 2007, the  
17 5 percentage tax rate levied against each type of property  
17 6 described in subsections 1 and 2 shall not exceed the sum of  
17 7 one-fourth of one percent plus the corresponding percentage  
17 8 tax rate imposed against that type of property in the fiscal  
17 9 year beginning July 1, 2006. For the fiscal years beginning  
17 10 July 1, 2008, and July 1, 2009, the percentage tax rate levied  
17 11 against each type of property described in subsections 1 and 2  
17 12 shall not exceed the sum of one-fourth of one percent plus the  
17 13 percentage tax rate imposed for the previous fiscal year.

17 14 Implementation of this subsection shall not cause the  
17 15 percentage tax rate levied against any type of property  
17 16 described in subsections 1 and 2 to exceed the limitations in  
17 17 those subsections.

17 18 b. If, for the fiscal year beginning July 1, 2006, the  
17 19 corresponding percentage tax rate imposed against each type of  
17 20 property described in subsections 1 and 2 exceeds the  
17 21 percentage rate limitations in those subsections, a city shall  
17 22 reduce its levy over a three-year period in order to meet the  
17 23 percentage rate limitation requirements of subsections 1 and  
17 24 2.

17 25 Sec. 33. Section 384.6, subsection 1, Code 2005, is  
17 26 amended to read as follows:

17 27 1. Accounting for pension and related employee benefit  
17 28 funds as provided by the city finance committee. A city may  
17 29 make contributions to a retirement system other than the Iowa  
17 30 public employees' retirement system for its city manager, or  
17 31 city administrator performing the duties of city manager, in  
17 32 an annual amount not to exceed the amount that would have been  
17 33 contributed by the employer under section 97B.11. If a police  
17 34 chief or fire chief has submitted a written request to the  
17 35 board of trustees to be exempt from chapter 411, authorized in  
18 1 section 411.3, subsection 1, a city shall make contributions  
18 2 for the chief, in an amount not to exceed the amount that  
18 3 would have been contributed by the city under section 411.8,  
18 4 subsection 1, paragraph "a", to the international city  
18 5 management association/retirement corporation. A city may  
18 6 certify taxes to be levied for a trust and agency fund ~~in the~~  
~~18 7 amount necessary to meet its obligations, subject to the~~  
~~18 8 limitation in section 384.1.~~

18 9 Sec. 34. Section 384.7, Code 2005, is amended to read as  
18 10 follows:

18 11 384.7 CAPITAL IMPROVEMENTS FUND.

18 12 A city may establish a capital improvements reserve fund,  
18 13 and may certify taxes ~~not to exceed sixty-seven and one-half~~  
~~18 14 cents per thousand dollars of taxable value~~ each year to be  
18 15 levied for the fund, subject to the limitation in section

18 16 384.1, for the purpose of accumulating moneys for the  
18 17 financing of specified capital improvements, or carrying out a



18 18 specific capital improvement plan.

~~18 19 The question of the establishment of a capital improvements~~  
~~18 20 reserve fund, the time period during which a levy will be made~~  
~~18 21 for the fund, and the tax rate to be levied for the fund is~~  
~~18 22 subject to approval by the voters, and may be submitted at any~~  
~~18 23 city election upon the council's motion, or shall be submitted~~  
~~18 24 at the next regular city election upon receipt of a valid~~  
~~18 25 petition as provided in section 362.4.~~

~~18 26 If a continuing capital improvements levy is established by~~  
~~18 27 election, it may be terminated in the same manner, upon the~~  
~~18 28 council's motion or upon petition. Balances in a capital~~  
~~18 29 improvements reserve fund are not unencumbered or~~  
~~18 30 unappropriated funds for the purpose of reducing tax levies.~~  
~~18 31 Transfers may be made between the capital improvements reserve~~  
~~18 32 fund, construction funds, and the general fund, as provided in~~  
~~18 33 rules promulgated by the city finance committee created in~~  
~~18 34 section 384.13.~~

18 35 Sec. 35. Section 384.8, Code 2005, is amended to read as  
19 1 follows:  
19 2 384.8 EMERGENCY FUND.  
19 3 A city may establish an emergency fund and may certify  
19 4 taxes ~~not to exceed twenty-seven cents per thousand dollars of~~  
~~19 5 taxable value~~ each year to be levied for the fund, ~~subject to~~  
19 6 ~~the limitation in section 384.1.~~ Transfers may be made from  
19 7 the emergency fund to the general fund as provided in rules  
19 8 promulgated by the city finance committee created in section  
19 9 384.13.

19 10 Sec. 36. NEW SECTION. 384.12A SERVICE CHARGE IN LIEU OF  
19 11 PROPERTY TAXES.  
19 12 A city may adopt an ordinance imposing a service charge  
19 13 against all property located in the city. Service charges are  
19 14 due and payable at the same time and in the same manner as  
19 15 property taxes are paid. Service charges collected pursuant  
19 16 to this section shall be deposited into the city general fund  
19 17 for use in funding the service for which the service charge  
19 18 was imposed. The maximum percentages of actual value allowed  
19 19 to be levied pursuant to section 384.1 shall be adjusted to  
19 20 reflect the amount of service charges estimated to be  
19 21 collected in a fiscal year.

19 22 Real property subject to a service charge, which property  
19 23 is exempt from property taxation, shall be valued and assessed  
19 24 as required in section 427.1, subsection 18, and in accordance  
19 25 with chapter 441, and the owner or other persons as authorized  
19 26 by chapter 441 are entitled to protest any assessment and take  
19 27 appeals in the same manner as any taxpayer.

19 28 Sec. 37. Section 384.110, Code 2005, is amended to read as  
19 29 follows:  
19 30 384.110 INSURANCE, SELF=INSURANCE, AND RISK POOLING FUNDS.  
19 31 A city may credit funds to a fund or funds for the purposes  
19 32 authorized by section 364.4, subsection 5; ~~section 384.12,~~  
~~19 33 subsection 18, or section 384.24, subsection 3, paragraph "s";~~  
19 34 ~~or to pay the premium costs on tort liability insurance,~~  
19 35 ~~property insurance, and any other insurance that may be~~  
20 1 ~~necessary in the operation of the city, the costs of a self=~~  
20 2 ~~insurance program, the costs of a local government risk pool~~  
20 3 ~~and amounts payable under any insurance agreements to provide~~  
20 4 ~~or procure such insurance, self=insurance program, or local~~  
20 5 ~~government risk pool. Moneys credited to the fund or funds,~~  
20 6 ~~and interest earned on such moneys, shall remain in the fund~~  
20 7 ~~or funds until expended for purposes authorized by section~~  
20 8 ~~364.4, subsection 5; section 384.12, subsection 18, or section~~  
20 9 ~~384.24, subsection 3, paragraph "s"; or for purposes specified~~  
20 10 ~~in this section.~~

20 11 Sec. 38. Section 414.28A, unnumbered paragraph 2, Code  
20 12 2005, is amended to read as follows:  
20 13 "Land=leased community" means any site, lot, field, or  
20 14 tract of land under common ownership upon which ten or more  
20 15 occupied manufactured homes are harbored, either free of  
20 16 charge or for revenue purposes, and shall include any  
20 17 building, structure, or enclosure used or intended for use as  
20 18 part of the equipment of the land=leased community. The term  
20 19 "land=leased community" shall not be construed to include  
20 20 homes, buildings, or other structures temporarily maintained  
20 21 by any individual, educational institution, or company on  
20 22 their own premises and used exclusively to house their own  
20 23 labor or students. A manufactured home located in a land=  
20 24 leased community shall be taxed under section 435.22 ~~as if the~~  
~~20 25 manufactured home were located in a mobile home park.~~

20 26 Sec. 39. Section 426B.1, subsection 3, Code 2005, is  
20 27 amended to read as follows:  
20 28 3. There is annually appropriated from the property tax

20 29 relief fund to the department of human services to supplement  
20 30 the medical assistance appropriation for the fiscal year  
20 31 beginning July 1, 1997, and for succeeding fiscal years, six  
20 32 million six hundred thousand dollars to be used for the  
20 33 nonfederal share of the costs of services provided to minors  
20 34 with mental retardation under the medical assistance program  
20 35 to meet the requirements of section 249A.12, subsection 4.  
21 1 The appropriation in this subsection shall be charged to the  
21 2 property tax relief fund prior to the distribution of moneys  
21 3 from the fund under section 426B.2 and the amount of moneys  
21 4 available for distribution shall be reduced accordingly.  
21 5 However, the appropriation in this subsection shall be  
21 6 considered to be a property tax relief payment for purposes of  
21 7 the combined amount of payments required to achieve ~~fifty~~  
21 8 ~~seventy=five~~ percent of the counties' base year expenditures  
21 9 as provided in section 426B.2, subsection 2.  
21 10 Sec. 40. Section 426B.2, subsection 2, Code 2005, is  
21 11 amended to read as follows:  
21 12 2. The distributions under subsection 1 shall continue to  
21 13 be made until the combined amount of the distributions made  
21 14 under subsection 1 are equal to ~~fifty~~ ~~seventy=five~~ percent of  
21 15 the total of all counties' base year expenditures as defined  
21 16 in section 331.438.  
21 17 Sec. 41. Section 427A.1, subsection 1, paragraph c, Code  
21 18 2005, is amended to read as follows:  
21 19 c. Buildings, structures or improvements, any of which are  
21 20 constructed on or in the land, attached to the land, or placed  
21 21 upon a foundation whether or not attached to the foundation.  
21 22 ~~However, property taxed under chapter 435 shall not be~~  
21 23 ~~assessed and taxed as real property.~~  
21 24 Sec. 42. Section 435.1, subsections 3, 5, and 7, Code  
21 25 2005, are amended to read as follows:  
21 26 3. "Manufactured home" means a factory=built structure  
21 27 built under authority of 42 U.S.C. } 5403, that is required by  
21 28 federal law to display a seal from the United States  
21 29 department of housing and urban development, and was  
21 30 constructed on or after June 15, 1976. ~~If a A manufactured~~  
21 31 ~~home is placed in a manufactured home community or a mobile~~  
21 32 ~~home park, the home must be titled and is subject to the~~  
21 33 ~~manufactured or mobile home square foot tax. If a~~  
21 34 ~~manufactured home is placed outside a manufactured home~~  
21 35 ~~community or a mobile home park, the home must be titled and~~  
22 1 is to be assessed and taxed as real estate.  
22 2 5. "Mobile home" means any vehicle without motive power  
22 3 used or so manufactured or constructed as to permit its being  
22 4 used as a conveyance upon the public streets and highways and  
22 5 so designed, constructed, or reconstructed as will permit the  
22 6 vehicle to be used as a place for human habitation by one or  
22 7 more persons; but shall also include any such vehicle with  
22 8 motive power not registered as a motor vehicle in Iowa. A  
22 9 "mobile home" is not built to a mandatory building code,  
22 10 contains no state or federal seals, and was built before June  
22 11 15, 1976. ~~If a A mobile home is placed outside a mobile home~~  
22 12 ~~park, the home is to be assessed and taxed as real estate.~~  
22 13 7. "Modular home" means a factory=built structure which is  
22 14 manufactured to be used as a place of human habitation, is  
22 15 constructed to comply with the Iowa state building code for  
22 16 modular factory=built structures, as adopted pursuant to  
22 17 section 103A.7, and must display the seal issued by the state  
22 18 building code commissioner. ~~If a modular home is placed in a~~  
22 19 ~~manufactured home community or mobile home park, the home is~~  
22 20 ~~subject to the annual tax as required by section 435.22. If a~~  
22 21 ~~A modular home is placed outside a manufactured home community~~  
22 22 ~~or a mobile home park, the home shall be considered real~~  
22 23 ~~property and is to be assessed and taxed as real estate.~~  
22 24 Sec. 43. Section 435.22, Code 2005, is amended by striking  
22 25 the section and inserting in lieu thereof the following:  
22 26 435.22 ASSESSMENT == CREDITS.  
22 27 A mobile home or manufactured home used primarily as a  
22 28 residence shall be assessed as improved residential property  
22 29 pursuant to section 441.21, subsection 4, and shall be taxed  
22 30 an annual ad valorem tax in the same manner as other  
22 31 residential property. A mobile home or manufactured home used  
22 32 primarily for commercial or industrial purposes shall be  
22 33 assessed as improved commercial or industrial property  
22 34 pursuant to section 441.21, subsection 5A, and shall be taxed  
22 35 an annual ad valorem tax in the same manner as other  
23 1 commercial or industrial property. Persons who own a mobile  
23 2 home or manufactured home as a homestead and who meet the  
23 3 qualifications provided in section 425.2 are eligible for the  
23 4 homestead exemption and if they meet the qualifications

23 5 provided in sections 425.17 through 425.37 are eligible for an  
23 6 extraordinary property tax exemption. A person who owns a  
23 7 mobile home or manufactured home is eligible to apply for the  
23 8 military tax exemption as provided in section 426A.11.  
23 9 Real estate located in a manufactured home community or a  
23 10 mobile home park, as defined in section 435.1, shall be  
23 11 assessed and taxed as improved residential property. Real  
23 12 estate located in a land-leased community, as defined in  
23 13 sections 335.30A and 414.28A, shall be assessed and taxed as  
23 14 improved residential property.  
23 15 Sec. 44. Section 435.23, Code 2005, is amended to read as  
23 16 follows:  
23 17 435.23 EXEMPTIONS ~~-- PRORATING TAX.~~  
23 18 The manufacturer's and dealer's inventory of mobile homes,  
23 19 manufactured homes, or modular homes not in use as a place of  
23 20 human habitation shall be exempt from the annual tax. All  
23 21 travel trailers shall be exempt from this tax. The homes and  
23 22 travel trailers in the inventory of manufacturers and dealers  
23 23 shall be exempt from personal property tax. ~~The homes coming~~  
~~23 24 into Iowa from out of state and located in a manufactured home~~  
~~23 25 community or mobile home park shall be liable for the tax~~  
~~23 26 computed pro rata to the nearest whole month, for the time the~~  
~~23 27 home is actually situated in Iowa.~~  
23 28 Sec. 45. Section 435.24, subsections 1, 2, and 4, Code  
23 29 2005, are amended to read as follows:  
23 30 1. ~~The annual tax is due and payable to the county~~  
~~23 31 treasurer on or after July 1 in each fiscal year and is~~  
~~23 32 collectible in the same manner and at the same time as~~  
~~23 33 ordinary taxes as provided in sections 445.36, 445.37, and~~  
~~23 34 445.39. Interest at the rate prescribed by law shall accrue~~  
~~23 35 on unpaid taxes. Both installments of taxes may be paid at~~  
~~24 1 one time. The September installment represents a tax period~~  
~~24 2 beginning July 1 and ending December 31. The March~~  
~~24 3 installment represents a tax period beginning January 1 and~~  
~~24 4 ending June 30. A mobile home, manufactured home, or modular~~  
~~24 5 home coming into this state from outside the state, put in use~~  
~~24 6 from a dealer's inventory, or put in use at any time after~~  
~~24 7 July 1 or January 1, and located in a manufactured home~~  
~~24 8 community or mobile home park, is subject to the taxes~~  
~~24 9 prorated for the remaining unexpired months of the tax period,~~  
~~24 10 but the purchaser is not required to pay the tax at the time~~  
~~24 11 of purchase. Interest attaches the following April 1 for~~  
~~24 12 taxes prorated on or after October 1. Interest attaches the~~  
~~24 13 following October 1 for taxes prorated on or after April 1.~~  
~~24 14 Interest at the rate prescribed by law shall accrue on unpaid~~  
~~24 15 taxes.~~ If the taxes are not paid, the county treasurer shall  
24 16 send a statement of delinquent taxes as part of the notice of  
24 17 tax sale as provided in section 446.9. ~~The owner of a home~~  
~~24 18 who sells the home between July 1 and December 31 and obtains~~  
~~24 19 a tax clearance statement is responsible only for the~~  
~~24 20 September tax payment and is not required to pay taxes for~~  
~~24 21 subsequent tax periods.~~ If the owner of a home located in a  
24 22 manufactured home community or mobile home park sells the  
24 23 home, obtains a tax clearance statement, and obtains a  
24 24 replacement home to be located in a manufactured home  
24 25 community or mobile home park, the owner shall not pay taxes  
24 26 under this chapter for the newly acquired home for the same  
24 27 tax period that the owner has paid taxes on the home sold.  
24 28 Interest for delinquent taxes shall be calculated to the  
24 29 nearest whole dollar. In calculating interest each fraction  
24 30 of a month shall be counted as an entire month.  
24 31 2. The home owners upon issuance of a certificate of title  
24 32 or upon transporting to a new site shall file the address,  
24 33 township, and school district, of the location where the home  
24 34 is parked with the county treasurer's office. Failure to  
24 35 comply is punishable as set out in section 435.18. ~~When the~~  
~~25 1 new location is outside of a manufactured home community or~~  
~~25 2 mobile home park, the~~ The county treasurer shall provide to  
25 3 the assessor a copy of the tax clearance statement for  
25 4 purposes of assessment as real estate on the following January  
25 5 1.  
25 6 4. The tax is a lien on the vehicle senior to any other  
25 7 lien upon it except a judgment obtained in an action to  
25 8 dispose of an abandoned home under section 555B.8. The home  
25 9 bearing a current registration issued by any other state and  
25 10 remaining within this state for an accumulated period not to  
25 11 exceed ninety days in any twelve-month period is not subject  
25 12 to Iowa tax. However, when one or more persons occupying a  
25 13 home bearing a foreign registration are employed in this  
25 14 state, there is no exemption from the Iowa tax. ~~This tax is~~  
~~25 15 in lieu of all other taxes general or local on a home.~~

25 16 Sec. 46. Section 435.26, subsection 1, paragraph a, Code  
25 17 2005, is amended to read as follows:  
25 18 a. A mobile home or manufactured home which is located  
25 19 outside a manufactured home community or mobile home park  
25 20 shall be ~~converted to real estate by being~~ placed on a  
25 21 permanent foundation and shall be assessed for real estate  
25 22 taxes. ~~A home, after conversion to real estate, is eligible~~  
~~25 23 for the homestead tax credit and the military service tax~~  
~~25 24 exemption as provided in sections 425.2 and 426A.11. Such~~  
~~25 25 mobile home or manufactured home is subject to the~~  
~~25 26 requirements of this section.~~  
25 27 Sec. 47. Section 435.27, subsection 1, Code 2005, is  
25 28 amended to read as follows:  
25 29 1. A mobile home or manufactured home ~~converted to real~~  
~~25 30 estate under section 435.26 may be reconverted to a home as~~  
~~25 31 provided in this section when it that~~ is moved to a  
25 32 manufactured home community or mobile home park or a  
25 33 manufactured or mobile home retailer's inventory ~~is subject to~~  
~~25 34 the requirements of this section. When the home is located~~  
~~25 35 within a manufactured home community or mobile home park, the~~  
~~26 1 home shall be taxed pursuant to section 435.22, subsection 1.~~  
26 2 Sec. 48. Section 435.27, subsection 3, Code 2005, is  
26 3 amended by striking the subsection.  
26 4 Sec. 49. Section 435.28, Code 2005, is amended to read as  
26 5 follows:  
26 6 435.28 COUNTY TREASURER TO NOTIFY ASSESSOR.  
26 7 Upon issuance of a certificate of title to a mobile home or  
26 8 manufactured home which is not located in a ~~manufactured home~~  
~~26 9 community or mobile home park or dealer's inventory, the~~  
26 10 county treasurer shall notify the assessor of the existence of  
26 11 the home for tax assessment purposes.  
26 12 Sec. 50. Section 435.35, Code 2005, is amended to read as  
26 13 follows:  
26 14 435.35 EXISTING HOME OUTSIDE OF MANUFACTURED HOME  
26 15 COMMUNITY OR MOBILE HOME PARK == EXEMPTION.  
26 16 A taxable mobile home or manufactured home which is not  
26 17 located in a manufactured home community or mobile home park  
26 18 as of January 1, 1995, ~~shall be assessed and taxed as real~~  
~~26 19 estate. The home is also exempt from the permanent foundation~~  
26 20 requirements of this chapter until the home is relocated.  
26 21 Sec. 51. Section 441.16, unnumbered paragraph 7, Code  
26 22 2005, is amended to read as follows:  
26 23 Any tax for the maintenance of the office of assessor and  
26 24 other assessment procedure shall be levied only upon the  
26 25 property in the area assessed by said assessor and such tax  
26 26 levy ~~shall not exceed forty and one-half cents per thousand~~  
~~26 27 dollars of assessed value in assessing areas where the~~  
~~26 28 valuation upon which the tax is levied does not exceed ninety-~~  
~~26 29 two million, six hundred thousand dollars; thirty-three and~~  
~~26 30 three-fourths cents per thousand dollars of assessed value in~~  
~~26 31 assessing areas where the valuation upon which the tax is~~  
~~26 32 levied exceeds ninety-two million, six hundred thousand~~  
~~26 33 dollars and does not exceed one hundred eleven million, one~~  
~~26 34 hundred twenty thousand dollars; twenty-seven cents per~~  
~~26 35 thousand dollars of assessed value in assessing areas where~~  
~~27 1 the valuation upon which the tax is levied exceeds one hundred~~  
~~27 2 eleven million, one hundred twenty thousand dollars is subject~~  
~~27 3 to the limitation in section 331.423 or 384.1, as applicable.~~  
27 4 The county treasurer shall credit the sums received from such  
27 5 levy to a separate fund to be known as the "assessment expense  
27 6 fund" and from which fund all expenses incurred under this  
27 7 chapter shall be paid. In the case of a county where there is  
27 8 more than one assessor the treasurer shall maintain separate  
27 9 assessment expense funds for each assessor.  
27 10 Sec. 52. Section 441.50, Code 2005, is amended to read as  
27 11 follows:  
27 12 441.50 APPRAISERS EMPLOYED.  
27 13 The conference board shall have power to employ appraisers  
27 14 or other technical or expert help to assist in the valuation  
27 15 of property, the cost thereof to be paid in the same manner as  
27 16 other expenses of the assessor's office. The conference board  
27 17 may certify for levy annually ~~an amount not to exceed forty~~  
~~27 18 and one-half cents per thousand dollars of assessed value of~~  
~~27 19 taxable property, subject to the limitation in section 331.423~~  
~~27 20 or 384.1, as applicable, for the purpose of establishing a~~  
27 21 special appraiser's fund, to be used only for such purposes.  
27 22 From time to time the conference board may direct the transfer  
27 23 of any unexpended balance in the special appraiser's fund to  
27 24 the assessment expense fund.  
27 25 Sec. 53. NEW SECTION. 444.29 PROPERTY TAX LIMITATION ==  
27 26 CONSUMER PRICE INDEX.

27 27 1. Notwithstanding the limitations in sections 331.423 and  
27 28 384.1, beginning with the fiscal year beginning July 1, 2010,  
27 29 the percentage increase in the amount of property taxes to be  
27 30 levied by a city or a county against any class of property for  
27 31 a fiscal year cannot exceed the amount computed in this  
27 32 section.

27 33 2. The property tax limitation shall be computed as  
27 34 follows:

27 35 a. Determine the amount of property taxes levied as a  
28 1 percent of taxable value in the current fiscal year.

28 2 b. Determine the sum of the amount of taxable value of  
28 3 property for the current fiscal year, and the amount of  
28 4 increase in taxable value of property due to new construction,  
28 5 additions or improvements to existing structures, expiration  
28 6 of tax abatement under chapter 404, and any increase in  
28 7 valuation because of reclassification of property.

28 8 c. Multiply the percent calculated in paragraph "a" times  
28 9 the amount in paragraph "b".

28 10 d. Multiply the product determined in paragraph "c" times  
28 11 the sum of one plus the consumer price index.

28 12 3. a. A city or county may exceed the limitation in this  
28 13 section if the purpose of exceeding the limitation is to  
28 14 provide additional property tax credits, exemptions, or  
28 15 abatements, and if the proposition to exceed the limitation is  
28 16 submitted at the regular city election in the case of a city  
28 17 or at the general election in the case of a county.

28 18 b. Notice of the election shall be given by publication as  
28 19 required by section 49.53.

28 20 c. The proposition of exceeding the limitation is not  
28 21 adopted unless the proposition receives a favorable majority  
28 22 of the votes cast on the proposition.

28 23 d. If the proposition of exceeding the limitation is  
28 24 approved by the voters, the city or county may proceed to  
28 25 exceed the limitation for a period not to exceed four years.

28 26 e. In no case shall the percentage rate limitations in  
28 27 sections 331.423 and 384.1 be exceeded by operation of this  
28 28 subsection.

28 29 4. For purposes of this section, "consumer price index"  
28 30 means the percentage rate of change in the consumer price  
28 31 index as tabulated by the United States department of labor,  
28 32 bureau of labor statistics, for the twelve-month period ending  
28 33 June 30 of the previous fiscal year.

28 34 Sec. 54. Section 445.1, subsection 6, Code 2005, is  
28 35 amended to read as follows:

29 1 6. "Taxes" means an annual ad valorem tax, a special  
29 2 assessment, a drainage tax, ~~and a rate or charge, and taxes on~~  
~~29 3 homes pursuant to chapter 435~~ which are collectible by the  
29 4 county treasurer.

29 5 Sec. 55. Section 445.39, Code 2005, is amended to read as  
29 6 follows:

29 7 445.39 INTEREST ON DELINQUENT TAXES.

29 8 If the first installment of taxes is not paid by the  
29 9 delinquent date specified in section 445.37, the installment  
29 10 becomes due and draws interest of one ~~and one-half~~ percent per  
29 11 month until paid, from the delinquent date following the levy.  
29 12 If the last half is not paid by the delinquent date specified  
29 13 for it in section 445.37, the same interest shall be charged  
29 14 from the date the last half became delinquent. However, after  
29 15 April 1 in a fiscal year when late delivery of the tax list  
29 16 referred to in chapter 443 results in a delinquency date later  
29 17 than October 1 for the first installment, interest on  
29 18 delinquent first installments shall accrue as if delivery were  
29 19 made on the previous June 30. The interest imposed under this  
29 20 section shall be computed to the nearest whole dollar and the  
29 21 amount of interest shall not be less than one dollar. In  
29 22 calculating interest each fraction of a month shall be counted  
29 23 as an entire month. The interest percentage on delinquent  
29 24 special assessments and rates or charges is the same as that  
29 25 for the first installment of delinquent ad valorem taxes.

29 26 Sec. 56. Section 447.1, unnumbered paragraph 1, Code 2005,  
29 27 is amended to read as follows:

29 28 A parcel sold under this chapter and chapter 446 may be  
29 29 redeemed at any time before the right of redemption expires,  
29 30 by payment to the county treasurer, to be held by the  
29 31 treasurer subject to the order of the purchaser, of the amount  
29 32 for which the parcel was sold, including the fee for the  
29 33 certificate of purchase, and interest of ~~two~~ one and one-half  
29 34 percent per month, counting each fraction of a month as an  
29 35 entire month, from the month of sale, and the total amount  
30 1 paid by the purchaser or the purchaser's assignee for any  
30 2 subsequent year, with interest at the same rate added on the

30 3 amount of the payment for each subsequent year from the month  
30 4 of payment, counting each fraction of a month as an entire  
30 5 month. The amount of interest must be at least one dollar and  
30 6 shall be rounded to the nearest whole dollar. Interest shall  
30 7 accrue on subsequent amounts from the month of payment by the  
30 8 certificate holder.

30 9 Sec. 57. Sections 331.424, 331.424B, 331.425, 331.426,  
30 10 384.12, 435.33 and 435.34, Code 2005, are repealed.

30 11 Sec. 58. EFFECTIVE AND APPLICABILITY DATES.

30 12 1. The sections of this division amending sections 445.39  
30 13 and 447.1 take effect July 1, 2005, and apply to property  
30 14 taxes which become delinquent on or after July 1, 2005, and to  
30 15 parcels sold for delinquent taxes on or after July 1, 2005.

30 16 2. The remainder of this division of this Act takes effect  
30 17 July 1, 2006, and applies to fiscal years beginning on or  
30 18 after July 1, 2007.

#### 30 19 DIVISION II

#### 30 20 ASSESSMENT OF PROPERTY

30 21 Sec. 59. Section 403.20, Code 2005, is amended to read as  
30 22 follows:

30 23 403.20 PERCENTAGE OF ADJUSTMENT CONSIDERED IN VALUE  
30 24 ASSESSMENT.

30 25 In determining the assessed value of property within an  
30 26 urban renewal area which is subject to a division of tax  
30 27 revenues pursuant to section 403.19, the ~~difference between~~  
30 28 ~~the actual value of the property as determined by the assessor~~  
30 29 ~~each year and the percentage of adjustment certified for that~~  
30 30 ~~year by the director of revenue on or before November 1~~

30 31 ~~reductions applied to the property pursuant to section 441.21,~~  
30 32 ~~subsection 4, 5, 5A, or 5B, multiplied by the actual value~~  
30 33 ~~of the property as determined by the assessor, shall be~~  
30 34 ~~subtracted from the actual value of the property as determined~~  
30 35 ~~pursuant to section 403.19, subsection 1. If the assessed~~  
31 1 ~~value of the property as determined pursuant to section~~  
31 2 ~~403.19, subsection 1, is reduced to zero, the additional~~  
31 3 ~~valuation reduction shall be subtracted from the actual value~~  
31 4 ~~of the property as determined by the assessor.~~

31 5 Sec. 60. Section 433.6, Code 2005, is amended to read as  
31 6 follows:

31 7 433.6 TAXABLE VALUE.

31 8 The taxable value shall be ~~determined by taking the~~  
31 9 ~~percentage of the actual value so ascertained, reduced as~~  
31 10 ~~provided by section 441.21, and the ratio between the actual~~  
31 11 ~~value and the assessed or taxable value of the property of~~  
31 12 ~~each of said companies shall be the same as in the case of~~  
31 13 ~~property of private individuals.~~

31 14 Sec. 61. Section 437.7, Code 2005, is amended to read as  
31 15 follows:

31 16 437.7 TAXABLE VALUE.

31 17 The taxable value of such line or lines of which the  
31 18 director of revenue by this chapter is required to find the  
31 19 value, shall be determined by taking the ~~percentage of the~~  
31 20 ~~actual reduction in~~ value so ascertained, as provided by  
31 21 section 441.21, and the ratio between the actual value and the  
31 22 assessed or taxable value of the transmission line or lines of  
31 23 each of said companies located outside of cities shall be the  
31 24 same as in the case of the property of private individuals.

31 25 Sec. 62. Section 441.1, Code 2005, is amended to read as  
31 26 follows:

31 27 441.1 OFFICE OF ASSESSOR CREATED.

31 28 ~~In~~ Except as otherwise provided in section 441.16A, in  
31 29 every county in the state of Iowa the office of assessor is  
31 30 ~~hereby~~ created. A city having a population of ten thousand or  
31 31 more, according to the latest federal census, may by ordinance  
31 32 provide for the selection of a city assessor and for the  
31 33 assessment of property in the city under the provisions of  
31 34 this chapter. A city desiring to provide for assessment under  
31 35 the provisions of this chapter shall, not less than sixty days  
32 1 before the expiration of the term of the assessor in office,  
32 2 notify the taxing bodies affected and proceed to establish a  
32 3 conference board, examining board, and board of review and  
32 4 select an assessor, all as provided in this chapter. A city  
32 5 desiring to abolish the office of city assessor shall repeal  
32 6 the ordinance establishing the office of city assessor, notify  
32 7 the county conference board and the affected taxing districts,  
32 8 provide for the transfer of appropriate records and other  
32 9 matters, and provide for the abolition of the respective  
32 10 boards and the termination of the terms of office of the  
32 11 assessor and members of the respective boards. The abolition  
32 12 of the city assessor's office shall take effect on July 1  
32 13 following notification of the abolition unless otherwise

32 14 agreed to by the affected conference boards. If notification  
32 15 of the proposed abolition is made after January 1, sufficient  
32 16 funds shall be transferred from the city assessor's budget to  
32 17 fund the additional responsibilities transferred to the county  
32 18 assessor for the next fiscal year.

32 19 Sec. 63. NEW SECTION. 441.16A COUNTIES JOINING IN  
32 20 EMPLOYMENT OF MULTICOUNTY ASSESSOR.

32 21 The conference boards of two or more adjacent counties may  
32 22 enter into an agreement to jointly employ a county assessor.  
32 23 Such agreement shall be written and entered in their  
32 24 respective minutes and a copy of the agreement transmitted to  
32 25 the conference board of each county that is a party to the  
32 26 agreement. The written agreement shall provide for the manner  
32 27 of allocation of the budget of the assessor's office. The  
32 28 provisions of chapter 28E shall be applicable to this section,  
32 29 except that such agreement shall not be applicable for a  
32 30 period of less than six years beginning from the date the  
32 31 multicounty assessor is appointed by the conference board.

32 32 A multicounty conference board shall be established as  
32 33 provided in section 441.2, with representation from each  
32 34 county that is a party to the agreement. The multicounty  
32 35 conference board shall appoint one examining board.

33 1 The term of the multicounty assessor shall begin on July 1  
33 2 following the date of the agreement and the terms of the  
33 3 incumbent assessor in each county that is a party to the  
33 4 agreement shall expire on that date, notwithstanding the term  
33 5 specified in section 441.8.

33 6 Sec. 64. Section 441.21, subsection 1, paragraph b,  
33 7 unnumbered paragraph 1, Code 2005, is amended to read as  
33 8 follows:

33 9 The actual value of all property subject to assessment and  
33 10 taxation shall be the fair and reasonable market value of such  
33 11 property except as otherwise provided in this section.  
33 12 "Market value" is defined as the fair and reasonable exchange  
33 13 in the year in which the property is listed and valued between  
33 14 a willing buyer and a willing seller, neither being under any  
33 15 compulsion to buy or sell and each being familiar with all the  
33 16 facts relating to the particular property. Sale prices of the  
33 17 property or comparable property in normal transactions  
33 18 reflecting market value, and the probable availability or  
33 19 unavailability of persons interested in purchasing the  
33 20 property, shall be taken into consideration in arriving at its  
33 21 market value. In arriving at market value, sale prices of  
33 22 property in abnormal transactions not reflecting market value  
33 23 shall not be taken into account, or shall be adjusted to  
33 24 eliminate the effect of factors which distort market value,  
33 25 including but not limited to sales to immediate family of the  
33 26 seller, foreclosure or other forced sales, contract sales,  
33 27 discounted purchase transactions or purchase of adjoining land  
33 28 or other land to be operated as a unit. The sale price of  
33 29 property sold in the calendar year prior to the assessment  
33 30 shall be presumed to be the market value of the property  
33 31 for that assessment year if the buyer and seller in such  
33 32 transaction were not immediate family members. If the  
33 33 assessment of such property is protested, the assessor has the  
33 34 burden of proving by a preponderance of the evidence that the  
33 35 market value is other than the sale price.

34 1 Sec. 65. Section 441.21, subsection 1, paragraphs e, f,  
34 2 and g, Code 2005, are amended by striking the paragraphs.

34 3 Sec. 66. Section 441.21, subsection 2, Code 2005, is  
34 4 amended to read as follows:

34 5 2. In the event market value of the property being  
34 6 assessed cannot be readily established in the foregoing  
34 7 manner, then the assessor may determine the value of the  
34 8 property using the other uniform and recognized appraisal  
34 9 methods including its productive and earning capacity, if any,  
34 10 industrial conditions, its cost, physical and functional  
34 11 depreciation and obsolescence and replacement cost, and all  
34 12 other factors which would assist in determining the fair and  
34 13 reasonable market value of the property but the actual value  
34 14 shall not be determined by use of only one such factor. The  
34 15 following shall not be taken into consideration: Special  
34 16 value or use value of the property to its present owner, and  
34 17 the good will or value of a business which uses the property  
34 18 as distinguished from the value of the property as property.  
34 19 However, in assessing property that is rented or leased to  
34 20 low-income individuals and families as authorized by section  
34 21 42 of the Internal Revenue Code, as amended, and which section  
34 22 limits the amount that the individual or family pays for the  
34 23 rental or lease of units in the property, the assessor shall  
34 24 use the productive and earning capacity from the actual rents

34 25 received as a method of appraisal and shall take into account  
34 26 the extent to which that use and limitation reduces the market  
34 27 value of the property. The assessor shall not consider any  
34 28 tax credit equity or other subsidized financing as income  
34 29 provided to the property in determining the assessed value.  
34 30 The property owner shall notify the assessor when property is  
34 31 withdrawn from section 42 eligibility under the Internal  
34 32 Revenue Code. The property shall not be subject to section 42  
34 33 assessment procedures for the assessment year for which  
34 34 section 42 eligibility is withdrawn. This notification must  
34 35 be provided to the assessor no later than March 1 of the  
35 1 assessment year or the owner will be subject to a penalty of  
35 2 five hundred dollars for that assessment year. The penalty  
35 3 shall be collected at the same time and in the same manner as  
35 4 regular property taxes. Upon adoption of uniform rules by the  
35 5 revenue department or succeeding authority covering  
35 6 assessments and valuations of such properties, said valuation  
35 7 on such properties shall be determined in accordance ~~therewith~~  
35 8 with such uniform rules for assessment purposes to assure  
35 9 uniformity, but such rules shall not be inconsistent with or  
35 10 change the foregoing means of determining the actual, market,  
35 11 taxable, and assessed values.

35 12 In the event market value of newly constructed residential  
35 13 property being assessed cannot be readily established because  
35 14 of insufficient comparable sales, the assessor shall use the  
35 15 replacement cost method to value the property.

35 16 Sec. 67. Section 441.21, subsection 4, Code 2005, is  
35 17 amended by striking the subsection and inserting in lieu  
35 18 thereof the following:

35 19 4. a. (1) For valuations established as of January 1,  
35 20 2006, the actual value at which residential property is  
35 21 assessed shall be the sum of the market value for the  
35 22 assessment year and for the previous four assessment years, as  
35 23 determined by the assessor, divided by five.

35 24 (2) For valuations established as of January 1, 2006, the  
35 25 actual value at which residential property is assessed shall  
35 26 be reduced by fifty percent up to a maximum of twenty thousand  
35 27 dollars on each parcel of residential property assessed for  
35 28 taxation. The reduction shall be applied to an improved  
35 29 parcel only.

35 30 b. (1) For valuations established as of January 1, 2006,  
35 31 the actual value at which income residential property is  
35 32 assessed shall be the sum of the market value for the  
35 33 assessment year and for the previous four assessment years, as  
35 34 determined by the assessor, divided by five.

35 35 (2) For valuations established as of January 1, 2006, the  
36 1 actual value at which income residential property is assessed  
36 2 shall be reduced by fifty percent up to a maximum of twenty  
36 3 thousand dollars on each parcel of income residential property  
36 4 assessed for taxation. The reduction shall be applied to an  
36 5 improved parcel only. "Income residential property" means  
36 6 property consisting of three or more separate living quarters  
36 7 with at least seventy-five percent of the space used for  
36 8 residential purposes.

36 9 Sec. 68. Section 441.21, subsection 5, Code 2005, is  
36 10 amended to read as follows:

36 11 ~~5. For valuations established as of January 1, 1979,~~  
36 12 ~~commercial property and industrial property, excluding~~  
36 13 ~~properties referred to in section 427A.1, subsection 7, shall~~  
36 14 ~~be assessed as a percentage of the actual value of each class~~  
36 15 ~~of property. The percentage shall be determined for each~~  
36 16 ~~class of property by the director of revenue for the state in~~  
36 17 ~~accordance with the provisions of this section. For~~  
36 18 ~~valuations established as of January 1, 1979, the percentage~~  
36 19 ~~shall be the quotient of the dividend and divisor as defined~~  
36 20 ~~in this section. The dividend for each class of property~~  
36 21 ~~shall be the total actual valuation for each class of property~~  
36 22 ~~established for 1978, plus six percent of the amount so~~  
36 23 ~~determined. The divisor for each class of property shall be~~  
36 24 ~~the valuation for each class of property established for 1978,~~  
36 25 ~~as reported by the assessors on the abstracts of assessment~~  
36 26 ~~for 1978, plus the amount of value added to the total actual~~  
36 27 ~~value by the revaluation of existing properties in 1979 as~~  
36 28 ~~equalized by the director of revenue pursuant to section~~  
36 29 ~~441.49. For valuations established as of January 1, 1979,~~  
36 30 ~~property valued by the department of revenue pursuant to~~  
36 31 ~~sections 428.24 through 428.29, and chapters 428, 433, 437,~~  
36 32 ~~and 438 shall be considered as one class of property and shall~~  
36 33 ~~be assessed as a percentage of its actual value. The~~  
36 34 ~~percentage shall be determined by the director of revenue in~~  
36 35 ~~accordance with the provisions of this section. For~~



37 1 valuations established as of January 1, 1979, the percentage  
37 2 shall be the quotient of the dividend and divisor as defined  
37 3 in this section. The dividend shall be the total actual  
37 4 valuation established for 1978 by the department of revenue,  
37 5 plus ten percent of the amount so determined. The divisor for  
37 6 property valued by the department of revenue pursuant to  
37 7 sections 428.24 through 428.29 and chapters 428, 433, 437, and  
37 8 438 shall be the valuation established for 1978, plus the  
37 9 amount of value added to the total actual value by the  
37 10 revaluation of the property by the department of revenue as of  
37 11 January 1, 1979. For valuations established as of January 1,  
~~37 12 1980, commercial property and industrial property, excluding~~  
~~37 13 properties referred to in section 427A.1, subsection 7, shall~~  
~~37 14 be assessed at a percentage of the actual value of each class~~  
~~37 15 of property. The percentage shall be determined for each~~  
~~37 16 class of property by the director of revenue for the state in~~  
~~37 17 accordance with the provisions of this section. For~~  
~~37 18 valuations established as of January 1, 1980, the percentage~~  
~~37 19 shall be the quotient of the dividend and divisor as defined~~  
~~37 20 in this section. The dividend for each class of property~~  
~~37 21 shall be the dividend as determined for each class of property~~  
~~37 22 for valuations established as of January 1, 1979, adjusted by~~  
~~37 23 the product obtained by multiplying the percentage determined~~  
~~37 24 for that year by the amount of any additions or deletions to~~  
~~37 25 actual value, excluding those resulting from the revaluation~~  
~~37 26 of existing properties, as reported by the assessors on the~~  
~~37 27 abstracts of assessment for 1979, plus four percent of the~~  
~~37 28 amount so determined. The divisor for each class of property~~  
~~37 29 shall be the total actual value of all such property in 1979,~~  
~~37 30 as equalized by the director of revenue pursuant to section~~  
~~37 31 441.49, plus the amount of value added to the total actual~~  
~~37 32 value by the revaluation of existing properties in 1980. The~~  
~~37 33 director shall utilize information reported on the abstracts~~  
~~37 34 of assessment submitted pursuant to section 441.45 in~~  
~~37 35 determining such percentage. For valuations established as of~~  
38 1 January 1, 1980, property valued by the department of revenue  
38 2 pursuant to sections 428.24 through 428.29, and chapters 428,  
38 3 433, 437, and 438 shall be assessed at a percentage of its  
38 4 actual value. The percentage shall be determined by the  
38 5 director of revenue in accordance with the provisions of this  
38 6 section. For valuations established as of January 1, 1980,  
38 7 the percentage shall be the quotient of the dividend and  
38 8 divisor as defined in this section. The dividend shall be the  
38 9 total actual valuation established for 1979 by the department  
38 10 of revenue, plus eight percent of the amount so determined.  
38 11 The divisor for property valued by the department of revenue  
38 12 pursuant to sections 428.24 through 428.29, and chapters 428,  
38 13 433, 437, and 438 shall be the valuation established for 1979,  
38 14 plus the amount of value added to the total actual value by  
38 15 the revaluation of the property by the department of revenue  
38 16 as of January 1, 1980. For valuations established as of  
~~38 17 January 1, 1981, and each year thereafter, the percentage of~~  
~~38 18 actual value as equalized by the director of revenue as~~  
~~38 19 provided in section 441.49 at which commercial property and~~  
~~38 20 industrial property, excluding properties referred to in~~  
~~38 21 section 427A.1, subsection 7, shall be assessed shall be~~  
~~38 22 calculated in accordance with the methods provided herein,~~  
~~38 23 except that any references to six percent in this subsection~~  
~~38 24 shall be four percent. For valuations established as of~~  
38 25 January 1, 1981, and each year thereafter, the percentage of  
38 26 actual value at which property valued by the department of  
38 27 revenue pursuant to sections 428.24 through 428.29, and  
38 28 chapters 428, 433, 437, and 438 shall be assessed shall be  
38 29 calculated in accordance with the methods provided herein in  
38 30 this section, except that any references to ten percent in  
38 31 this subsection shall be eight percent. Beginning with  
38 32 valuations established as of January 1, 1979, and each year  
38 33 thereafter, property valued by the department of revenue  
38 34 pursuant to chapter 434 shall also be assessed at a percentage  
38 35 of its actual value which percentage shall be equal to the  
39 1 percentage determined by the director of revenue for  
39 2 commercial property, industrial property, or property valued  
39 3 by the department of revenue pursuant to sections 428.24  
39 4 through 428.29, and chapters 428, 433, 437, and 438, whichever  
39 5 is lowest.  
39 6 Sec. 69. Section 441.21, Code 2005, is amended by adding  
39 7 the following new subsections:  
39 8 NEW SUBSECTION. 5A. a. For valuations established as of  
39 9 January 1, 2006, the actual value at which commercial property  
39 10 is assessed shall be the sum of the market value for the  
39 11 assessment year and for the previous four assessment years, as

39 12 determined by the assessor, divided by five.

39 13 b. For valuations established as of January 1, 2006, the  
39 14 actual value at which industrial property is assessed shall be  
39 15 the sum of the market value for the assessment year and for  
39 16 the previous four assessment years, as determined by the  
39 17 assessor, divided by five.

39 18 c. For valuations established as of January 1, 2006, the  
39 19 actual value at which commercial property and industrial  
39 20 property is assessed shall be reduced by fifty percent up to a  
39 21 maximum of twenty-five thousand dollars on each parcel of  
39 22 commercial property or industrial property assessed for  
39 23 taxation. The reduction shall be applied to an improved  
39 24 parcel only.

39 25 NEW SUBSECTION. 5B. a. For valuations established as of  
39 26 January 1, 2006, the actual value at which agricultural  
39 27 property is assessed shall be the sum of the market value for  
39 28 the assessment year and for the previous four assessment  
39 29 years, as determined by the assessor, divided by five.

39 30 b. For valuations established as of January 1, 2006, the  
39 31 actual value at which agricultural property is assessed shall  
39 32 be reduced by fifty percent up to a maximum of sixty-five  
39 33 thousand dollars per farm unit.

39 34 c. For purposes of this subsection, "farm unit" means the  
39 35 same as defined by the farm services agency of the United  
40 1 States department of agriculture. Before assigning assessed  
40 2 value per tract of agricultural land, the assessor shall  
40 3 establish a per acre assessment for the agricultural property.

40 4 Sec. 70. Section 441.21, subsections 9 and 10, Code 2005,  
40 5 are amended to read as follows:

40 6 9. Not later than November 1, ~~1979~~ 2006, and November 1 of  
40 7 each subsequent year, the director shall certify to the county  
40 8 auditor of each county the percentages of actual value at  
40 9 which ~~residential property, agricultural property, commercial~~

~~40 10 property, industrial property, and property valued by the~~  
40 11 department of revenue pursuant to sections 428.24 through  
40 12 428.29, and chapters 428, 433, 434, 437, and 438 in each

40 13 assessing jurisdiction in the county shall be assessed for  
40 14 taxation. The county auditor shall proceed to determine the  
40 15 assessed values of ~~agricultural property, residential~~

~~40 16 property, commercial property, industrial property, and~~  
40 17 property valued by the department of revenue pursuant to  
40 18 sections 428.24 through 428.29, and chapters 428, 433, 434,  
40 19 437, and 438 by applying such percentages to the current  
40 20 actual value of such property, as reported to the county  
40 21 auditor by the assessor, and the assessed values so determined  
40 22 shall be the taxable values of such properties upon which the  
40 23 levy shall be made.

40 24 10. The percentage of actual value computed by the  
40 25 director for agricultural property, residential property,  
40 26 income residential property, commercial property, industrial  
40 27 property, and property valued by the department of revenue  
40 28 pursuant to sections 428.24 through 428.29, and chapters 428,  
40 29 433, 434, 437, and 438 and used to determine assessed values  
40 30 of those classes of property does not constitute a rule as  
40 31 defined in section 17A.2, subsection 11.

40 32 Sec. 71. Section 441.21, Code 2005, is amended by adding  
40 33 the following new subsection:

40 34 NEW SUBSECTION. 13. a. The reduction amounts in  
40 35 subsections 4, 5A, and 5B shall each year be increased for  
41 1 inflation. Upon determination of the latest cumulative  
41 2 inflation factor, the director of revenue shall multiply each  
41 3 dollar amount set forth in subsections 4, 5A, and 5B by this  
41 4 cumulative inflation factor, shall round off the resulting  
41 5 product to the nearest dollar, and shall transmit the result  
41 6 to each city and county assessor for each assessment year.

41 7 b. For purposes of this subsection, "cumulative inflation  
41 8 factor" means the product of the annual inflation factor for  
41 9 the 2006 calendar year and all annual inflation factors for  
41 10 subsequent calendar years as determined pursuant to this  
41 11 subsection. The cumulative inflation factor applies to all  
41 12 tax years beginning on or after January 1 of the calendar year  
41 13 for which the latest annual inflation factor has been  
41 14 determined.

41 15 c. In determining the annual inflation factor, the  
41 16 department shall use the annual percent change, but not less  
41 17 than zero percent, in the gross domestic product price  
41 18 deflator computed for the second quarter of the calendar year  
41 19 by the bureau of economic analysis of the United States  
41 20 department of commerce and shall add all of that percent  
41 21 change to one hundred percent. The annual inflation factor  
41 22 and the cumulative inflation factor shall each be expressed as

41 23 a percentage rounded to the nearest one-tenth of one percent.  
41 24 The annual inflation factor shall not be less than one hundred  
41 25 percent.  
41 26 d. The annual inflation factor for the 2006 assessment  
41 27 year is one hundred percent.  
41 28 Sec. 72. Section 441.21, Code 2005, is amended by adding  
41 29 the following new subsection:  
41 30 NEW SUBSECTION. 14. a. A tract of land containing an  
41 31 animal feeding operation structure as defined in section  
41 32 459.102, must be owned by an owner as defined in this  
41 33 subsection and a designated person must be actively engaged in  
41 34 farming during the calendar year preceding the calendar year  
41 35 in which the land is assessed in order to be assessed and  
42 1 taxed as agricultural property. All other tracts of land  
42 2 containing an animal feeding operation structure shall be  
42 3 assessed and taxed as commercial property.  
42 4 b. For purposes of this subsection:  
42 5 (1) "Actively engaged in farming" means the designated  
42 6 person is personally involved in the production of crops and  
42 7 livestock on the eligible tract on a regular, continuous, and  
42 8 substantial basis. However, a lessor, whether under a cash or  
42 9 a crop share lease, is not actively engaged in farming on the  
42 10 area of the tract covered by the lease. This provision  
42 11 applies to both written and oral leases.  
42 12 (2) "Agricultural land" means land in tracts of ten acres  
42 13 or more excluding any buildings or other structures located on  
42 14 the land, and not laid off into lots of less than ten acres or  
42 15 divided by streets and alleys into parcels of less than ten  
42 16 acres, and in good faith used for agricultural or  
42 17 horticultural purposes. Any land in tracts laid off or  
42 18 platted into lots of less than ten acres belonging to and a  
42 19 part of other lands of more than ten acres and in good faith  
42 20 used for agricultural or horticultural purposes is entitled to  
42 21 the benefits of this chapter.  
42 22 (3) "Crop" or "crop production" includes pastureland.  
42 23 (4) "Designated person" means one of the following:  
42 24 (a) If the owner is an individual, the designated person  
42 25 includes the owner of the tract, the owner's spouse, the  
42 26 owner's child or stepchild, and their spouses, or the owner's  
42 27 relative within the third degree of consanguinity, and the  
42 28 relative's spouse.  
42 29 (b) If the owner is a partnership, a partner or the  
42 30 partner's spouse.  
42 31 (c) If the owner is a family farm corporation, a family  
42 32 member who is a shareholder of the family farm corporation or  
42 33 the shareholder's spouse.  
42 34 (d) If the owner is an authorized farm corporation, a  
42 35 shareholder who owns at least fifty-one percent of the stock  
43 1 of the authorized farm corporation or the shareholder's  
43 2 spouse.  
43 3 (e) If the owner is an individual who leases the tract to  
43 4 a family farm corporation, a shareholder of the corporation if  
43 5 the combined stock of the family farm corporation owned by the  
43 6 owner of the tract and persons related to the owner as  
43 7 enumerated in subparagraph subdivision (a) is equal to at  
43 8 least fifty-one percent of the stock of the family farm  
43 9 corporation.  
43 10 (f) If the owner is an individual who leases the tract to  
43 11 a partnership, a partner if the combined partnership interest  
43 12 owned by a designated person as defined in subparagraph  
43 13 subdivision (a) is equal to at least fifty-one percent of the  
43 14 ownership interest of the partnership.  
43 15 (5) "Eligible tract" or "eligible tract of agricultural  
43 16 land" means an area of agricultural land which meets all of  
43 17 the following:  
43 18 (a) Is comprised of all of the contiguous tracts under  
43 19 identical legal ownership that are located within the same  
43 20 county.  
43 21 (b) In the aggregate more than half the acres of the  
43 22 contiguous tract are devoted to the production of crops or  
43 23 livestock by a designated person who is actively engaged in  
43 24 farming.  
43 25 (c) For purposes of subparagraph (2), if some or all of  
43 26 the contiguous tract is being farmed under a lease  
43 27 arrangement, the activities of the lessor do not constitute  
43 28 being actively engaged in farming on the areas of the tract  
43 29 covered by the lease. If the lessee is a designated person  
43 30 who is actively engaged in farming, the acres under lease may  
43 31 be considered in determining whether more than half the acres  
43 32 of the contiguous tract are devoted to the production of crops  
43 33 or livestock.

43 34 (6) "Owner" means any of the following:  
43 35 (a) An individual who holds the fee simple title to the  
44 1 agricultural land.  
44 2 (b) An individual who owns the agricultural land under a  
44 3 contract of purchase which has been recorded in the office of  
44 4 the county recorder of the county in which the agricultural  
44 5 land is located.  
44 6 (c) An individual who owns the agricultural land under  
44 7 devise or by operation of the inheritance laws, where the  
44 8 whole interest passes or where the divided interest is shared  
44 9 only by individuals related or formerly related to each other  
44 10 by blood, marriage, or adoption.  
44 11 (d) An individual who owns the agricultural land under a  
44 12 deed which conveys a divided interest, where the divided  
44 13 interest is shared only by individuals related or formerly  
44 14 related to each other by blood, marriage, or adoption.  
44 15 (e) A partnership where all partners are related or  
44 16 formerly related to each other by blood, marriage, or  
44 17 adoption.  
44 18 (f) A family farm corporation or authorized farm  
44 19 corporation, as both are defined in section 9H.1, which owns  
44 20 the agricultural land.  
44 21 Sec. 73. NEW SECTION. 441.21A AGRICULTURAL LAND RESERVE.  
44 22 1. Land classified for property tax purposes as  
44 23 agricultural land shall, upon application of the owner by  
44 24 January 10 of the assessment year, be placed in an  
44 25 agricultural land reserve by the assessor subject to this  
44 26 section.  
44 27 2. If accepted by the county, the application for  
44 28 placement in an agricultural land reserve shall be stamped  
44 29 approved and the assessor shall forward a copy of the  
44 30 application to the recorder for recording.  
44 31 3. An eligible tract of agricultural land shall be placed  
44 32 in an agricultural land reserve if both of the following  
44 33 apply:  
44 34 a. The tract is owned by an owner as defined in this  
44 35 section and a designated person is actively engaged in farming  
45 1 the agricultural land during the calendar year preceding the  
45 2 calendar year in which the land is assessed.  
45 3 b. The assessed valuation of the land per acre exceeds the  
45 4 average assessed valuation per acre of agricultural land in  
45 5 the county by an amount equal to twenty-five percent or more  
45 6 of the average valuation per acre of agricultural land in the  
45 7 county.  
45 8 4. Agricultural land placed in an agricultural land  
45 9 reserve shall be assessed for property tax purposes at the  
45 10 average assessed valuation per acre of agricultural land in  
45 11 the county. The assessment under this section shall continue  
45 12 until the land no longer qualifies for placement in an  
45 13 agricultural land reserve pursuant to subsection 3.  
45 14 5. Land no longer qualifying for placement in an  
45 15 agricultural land reserve is subject to a recapture tax. The  
45 16 tax shall be computed by multiplying the consolidated levy for  
45 17 each of the years the land was in an agricultural land reserve  
45 18 times the assessed value of the land that would have been  
45 19 taxed but for the special valuation provisions of this  
45 20 section. However, if the land was in agricultural land  
45 21 reserve for more than five years, the tax shall be computed  
45 22 only on the preceding five years. This tax shall be entered  
45 23 against the property on the tax list for the current year and  
45 24 shall constitute a lien against the property in the same  
45 25 manner as a lien for property taxes. The tax when collected  
45 26 shall be apportioned in the manner provided for the  
45 27 apportionment of the property taxes for the applicable tax  
45 28 year.  
45 29 6. For purposes of this section:  
45 30 a. "Actively engaged in farming" means the designated  
45 31 person is personally involved in the production of crops and  
45 32 livestock on the eligible tract on a regular, continuous, and  
45 33 substantial basis. However, a lessor, whether under a cash or  
45 34 a crop share lease, is not actively engaged in farming on the  
45 35 area of the tract covered by the lease. This provision  
46 1 applies to both written and oral leases.  
46 2 b. "Agricultural land" means land in tracts of ten acres  
46 3 or more excluding any buildings or other structures located on  
46 4 the land, and not laid off into lots of less than ten acres or  
46 5 divided by streets and alleys into parcels of less than ten  
46 6 acres, and in good faith used for agricultural or  
46 7 horticultural purposes. Any land in tracts laid off or  
46 8 platted into lots of less than ten acres belonging to and a  
46 9 part of other lands of more than ten acres and in good faith

46 10 used for agricultural or horticultural purposes shall be  
46 11 considered agricultural land.

46 12 c. "Crop" or "crop production" includes pastureland.

46 13 d. "Designated person" means one of the following:

46 14 (1) If the owner is an individual, the designated person  
46 15 includes the owner of the tract, the owner's spouse, the  
46 16 owner's child or stepchild, and their spouses, or the owner's  
46 17 relative within the third degree of consanguinity, and the  
46 18 relative's spouse.

46 19 (2) If the owner is a partnership, a partner or the  
46 20 partner's spouse.

46 21 (3) If the owner is a family farm corporation, a family  
46 22 member who is a shareholder of the family farm corporation or  
46 23 the shareholder's spouse.

46 24 (4) If the owner is an authorized farm corporation, a  
46 25 shareholder who owns at least fifty-one percent of the stock  
46 26 of the authorized farm corporation or the shareholder's  
46 27 spouse.

46 28 (5) If the owner is an individual who leases the tract to  
46 29 a family farm corporation, a shareholder of the corporation if  
46 30 the combined stock of the family farm corporation owned by the  
46 31 owner of the tract and persons related to the owner as  
46 32 enumerated in subparagraph (1) is equal to at least fifty-one  
46 33 percent of the stock of the family farm corporation.

46 34 (6) If the owner is an individual who leases the tract to  
46 35 a partnership, a partner if the combined partnership interest  
47 1 owned by a designated person as defined in subparagraph (1) is  
47 2 equal to at least fifty-one percent of the ownership interest  
47 3 of the partnership.

47 4 e. "Eligible tract" or "eligible tract of agricultural  
47 5 land" means an area of agricultural land that meets all of the  
47 6 following:

47 7 (1) Is comprised of all of the contiguous tracts under  
47 8 identical legal ownership that are located within the same  
47 9 county.

47 10 (2) In the aggregate more than half the acres of the  
47 11 contiguous tract are devoted to the production of crops or  
47 12 livestock by a designated person who is actively engaged in  
47 13 farming.

47 14 (3) For purposes of paragraph "b", if some or all of the  
47 15 contiguous tract is being farmed under a lease arrangement,  
47 16 the activities of the lessor do not constitute being actively  
47 17 engaged in farming on the areas of the tract covered by the  
47 18 lease. If the lessee is a designated person who is actively  
47 19 engaged in farming, the acres under lease may be considered in  
47 20 determining whether more than half the acres of the contiguous  
47 21 tract are devoted to the production of crops or livestock.

47 22 f. "Owner" means any of the following:

47 23 (1) An individual who holds the fee simple title to the  
47 24 agricultural land.

47 25 (2) An individual who owns the agricultural land under a  
47 26 contract of purchase which has been recorded in the office of  
47 27 the county recorder of the county in which the agricultural  
47 28 land is located.

47 29 (3) An individual who owns the agricultural land under  
47 30 devise or by operation of the inheritance laws, where the  
47 31 whole interest passes or where the divided interest is shared  
47 32 only by individuals related or formerly related to each other  
47 33 by blood, marriage, or adoption.

47 34 (4) An individual who owns the agricultural land under a  
47 35 deed which conveys a divided interest, where the divided  
48 1 interest is shared only by individuals related or formerly  
48 2 related to each other by blood, marriage, or adoption.

48 3 (5) A partnership where all partners are related or  
48 4 formerly related to each other by blood, marriage, or  
48 5 adoption.

48 6 (6) A family farm corporation or authorized farm  
48 7 corporation, as both are defined in section 9H.1, which owns  
48 8 the agricultural land.

48 9 Sec. 74. Section 441.40, Code 2005, is amended to read as  
48 10 follows:

48 11 441.40 COSTS, FEES AND EXPENSES APPORTIONED.

48 12 The clerk of the court shall likewise certify to the county  
48 13 treasurer the costs assessed by the court on any appeal from a  
48 14 board of review to the district court, in all cases where said  
48 15 costs are taxed against the board of review or any taxing  
48 16 body. The district court may award payment of the property  
48 17 owner's or aggrieved taxpayer's attorney fees as part of the  
48 18 costs assessed by the court to be taxed against the board of  
48 19 review or any taxing body, unless the court determines that  
48 20 the protest was frivolous, and, in that case, the court may

48 21 ~~assess the costs of defending the protest against the owner or~~  
48 22 ~~taxpayer who filed the protest.~~ Thereupon the county  
48 23 treasurer shall compute and apportion the said costs between  
48 24 the various taxing bodies participating in the proceeds of the  
48 25 collection of the taxes involved in any such appeal, and said  
48 26 treasurer shall so compute and apportion the various amounts  
48 27 which said taxing bodies are required to pay in proportion to  
48 28 the amount of taxes each of said taxing bodies is entitled to  
48 29 receive from the whole amount of taxes involved in each of  
48 30 such appeals. The said county treasurer shall deduct from the  
48 31 proceeds of all general taxes collected the amount of costs so  
48 32 computed and apportioned by the treasurer from the moneys due  
48 33 to each taxing body from general taxes collected. The amount  
48 34 so deducted shall be certified to each taxing body in lieu of  
48 35 moneys collected. Said county treasurer shall pay to the  
49 1 clerk of the district court the amount of said costs so  
49 2 computed, apportioned and collected by the treasurer in all  
49 3 cases now on file or hereafter filed in which said costs have  
49 4 not been paid.

49 5 Sec. 75. Section 441.47, Code 2005, is amended by adding  
49 6 the following new unnumbered paragraph:  
49 7 NEW UNNUMBERED PARAGRAPH. Each county for which a  
49 8 multicounty assessor is appointed pursuant to section 441.16A  
49 9 is considered a separate assessing jurisdiction for purposes  
49 10 of this section.

49 11 Sec. 76. Section 441.54, Code 2005, is amended to read as  
49 12 follows:  
49 13 441.54 CONSTRUCTION.  
49 14 Whenever in the laws of this state, the words "assessor" or  
49 15 "assessors" appear, singly or in combination with other words,  
49 16 they shall be deemed to mean and refer to the multicounty,  
49 17 county, or city assessor, as the case may be.

49 18 Sec. 77. Section 441.72, Code 2005, is amended to read as  
49 19 follows:  
49 20 441.72 ASSESSMENT OF PLATTED LOTS.  
49 21 When a subdivision plat is recorded pursuant to chapter  
49 22 354, the individual lots within the subdivision plat shall not  
49 23 be assessed in excess of the total assessment of the land as  
49 24 acreage or unimproved property for ~~three~~ six years after the  
49 25 recording of the plat or until the lot is actually improved  
49 26 with permanent construction, whichever occurs first. When an  
49 27 individual lot has been improved with permanent construction,  
49 28 the lot shall be assessed for taxation purposes as provided in  
49 29 chapter 428 and this chapter. This section does not apply to  
49 30 special assessment levies.

49 31 Sec. 78. Section 441.73, subsection 4, Code 2005, is  
49 32 amended to read as follows:  
49 33 4. ~~The executive council shall transfer for the fiscal~~  
49 34 ~~year beginning July 1, 1992, and each fiscal year thereafter,~~  
49 35 ~~from funds established in sections 425.1 and 426.1, an amount~~  
50 1 ~~necessary to pay litigation expenses.~~ The amount of the fund  
50 2 for each fiscal year shall not exceed seven hundred thousand  
50 3 dollars. ~~The executive council shall determine annually the~~  
50 4 ~~proportionate amounts to be transferred from the two separate~~  
50 5 ~~funds.~~ At any time when no litigation is pending or in  
50 6 progress the balance in the litigation expense fund shall not  
50 7 exceed one hundred thousand dollars. ~~Any excess moneys shall~~  
50 8 ~~be transferred in a proportionate amount back to the funds~~  
50 9 ~~from which they were originally transferred.~~

50 10 Sec. 79. Section 443.2, unnumbered paragraph 2, Code 2005,  
50 11 is amended to read as follows:  
50 12 The county auditor shall list the aggregate actual value  
50 13 and the aggregate taxable value of all taxable property within  
50 14 the county and each political subdivision including property  
50 15 subject to the statewide property tax imposed under section  
50 16 437A.18 on the tax list in order that the actual value of the  
50 17 taxable property within the county or a political subdivision  
50 18 may be ascertained and shown by the tax list for the purpose  
50 19 of computing the debt-incurring capacity of the county or  
50 20 political subdivision. As used in this section, "actual  
50 21 value" is the value determined under section 441.21,  
50 22 subsections 1 to 3, prior to the reduction ~~to a percentage of~~  
50 23 in actual value as otherwise provided in section 441.21.  
50 24 "Actual value" of property subject to statewide property tax  
50 25 is the assessed value under section 437A.18.

50 26 Sec. 80. Chapter 405, Code 2005, is repealed.  
50 27 Sec. 81. EFFECTIVE AND APPLICABILITY DATES. This division  
50 28 of this Act takes effect January 1, 2006, and applies to  
50 29 assessment years beginning on or after that date.

50 30 DIVISION III  
50 31 PROPERTY TAX CREDITS AND EXEMPTIONS

50 32 Sec. 82. Section 25B.7, subsection 2, Code 2005, is  
50 33 amended by striking the subsection.

50 34 Sec. 83. Section 100.18, subsection 2, paragraph b, Code  
50 35 2005, is amended to read as follows:

51 1 b. The rules shall require the installation of smoke  
51 2 detectors in existing single-family rental units and multiple-  
51 3 unit residential buildings. Existing single-family dwelling  
51 4 units shall be equipped with approved smoke detectors. A  
51 5 person who files for a homestead ~~credit exemption~~ pursuant to  
51 6 chapter 425 shall certify that the single-family dwelling unit  
51 7 for which the ~~credit exemption~~ is filed has a smoke detector  
51 8 installed in compliance with this section, or that one will be  
51 9 installed within thirty days of the date the filing for the  
51 10 ~~credit exemption~~ is made. The state fire marshal shall adopt  
51 11 rules and establish appropriate procedures to administer this  
51 12 subsection.

51 13 Sec. 84. Section 216.12, subsection 5, Code 2005, is  
51 14 amended to read as follows:

51 15 5. The rental or leasing of a housing accommodation in a  
51 16 building which contains housing accommodations for not more  
51 17 than four families living independently of each other, if the  
51 18 owner resides in one of the housing accommodations for which  
51 19 the owner qualifies for the homestead tax ~~credit exemption~~  
51 20 under section 425.1.

51 21 Sec. 85. Section 331.401, subsection 1, paragraph g, Code  
51 22 2005, is amended by striking the paragraph.

51 23 Sec. 86. Section 331.512, subsection 3, Code 2005, is  
51 24 amended to read as follows:

51 25 3. Carry out duties relating to the homestead tax ~~credit~~  
51 26 ~~and agricultural land tax credit exemptions and the military~~  
51 27 ~~tax exemption~~ as provided in chapters 425 and ~~426~~ 426A.

51 28 Sec. 87. Section 331.512, subsection 4, Code 2005, is  
51 29 amended by striking the subsection.

51 30 Sec. 88. Section 331.559, subsections 12, 13, and 14, Code  
51 31 2005, are amended by striking the subsections.

51 32 Sec. 89. Section 404.3, subsection 1, Code 2005, is  
51 33 amended to read as follows:

51 34 1. All qualified real estate assessed as residential  
51 35 property is eligible to receive an exemption from taxation  
52 1 based on the actual value added by the improvements. The  
52 2 exemption is for a period of ten years. The amount of the  
52 3 exemption is equal to a percent of the actual value added by  
52 4 the improvements, determined as follows: One hundred fifteen  
52 5 percent of the value added by the improvements. However, the  
52 6 amount of the actual value added by the improvements which  
52 7 shall be used to compute the exemption shall not exceed twenty  
52 8 thousand dollars and the granting of the exemption shall not  
52 9 result in the actual value of the qualified real estate being  
52 10 reduced below the ~~actual value on which amount of the~~  
52 11 ~~homestead credit is computed exemption~~ under section 425.1.

52 12 Sec. 90. Section 425.1, Code 2005, is amended by striking  
52 13 the section and inserting in lieu thereof the following:

52 14 425.1 HOMESTEAD ASSESSMENT REDUCTION.  
52 15 For valuations established pursuant to section 441.21, as  
52 16 of January 1, 2006, and for subsequent assessment years, the  
52 17 actual value at which an eligible homestead is assessed shall  
52 18 be reduced by five thousand dollars. The reduction allowed  
52 19 under this part is in addition to the reduction in section  
52 20 441.21, subsection 4.

52 21 Sec. 91. Section 425.2, Code 2005, is amended to read as  
52 22 follows:

52 23 425.2 QUALIFYING FOR ~~CREDIT EXEMPTION~~.  
52 24 A person who wishes to qualify for the ~~credit exemption~~  
52 25 allowed under this chapter shall obtain the appropriate forms  
52 26 for filing for the ~~credit exemption~~ from the assessor. The  
52 27 person claiming the ~~credit exemption~~ shall file a verified  
52 28 statement and designation of homestead with the assessor for  
52 29 the year for which the person is first claiming the ~~credit~~  
52 30 ~~exemption~~. The claim shall be filed not later than July 1 of  
52 31 the year for which the person is claiming the ~~credit~~  
52 32 ~~exemption~~. A claim filed after July 1 of the year for which  
52 33 the person is claiming the ~~credit exemption~~ shall be  
52 34 considered as a claim filed for the following year.

52 35 Upon the filing and allowance of the claim, the claim shall  
53 1 be allowed on that homestead for successive years without  
53 2 further filing as long as the property is legally or equitably  
53 3 owned and used as a homestead by that person or that person's  
53 4 spouse on July 1 of each of those successive years, and the  
53 5 owner of the property being claimed as a homestead declares  
53 6 residency in Iowa for purposes of income taxation, and the  
53 7 property is occupied by that person or that person's spouse

53 8 for at least six months in each of those calendar years in  
53 9 which the fiscal year begins. When the property is sold or  
53 10 transferred, the buyer or transferee who wishes to qualify  
53 11 shall refile for the ~~credit exemption~~. However, when the  
53 12 property is transferred as part of a distribution made  
53 13 pursuant to chapter 598, the transferee who is the spouse  
53 14 retaining ownership of the property is not required to refile  
53 15 for the ~~credit exemption~~. Property divided pursuant to  
53 16 chapter 598 shall not be modified following the division of  
53 17 the property. An owner who ceases to use a property for a  
53 18 homestead or intends not to use it as a homestead for at least  
53 19 six months in a calendar year shall provide written notice to  
53 20 the assessor by July 1 following the date on which the use is  
53 21 changed. A person who sells or transfers a homestead or the  
53 22 personal representative of a deceased person who had a  
53 23 homestead at the time of death, shall provide written notice  
53 24 to the assessor that the property is no longer the homestead  
53 25 of the former claimant.

53 26 In case the owner of the homestead is in active service in  
53 27 the armed forces of this state or of the United States, or is  
53 28 sixty-five years of age or older, or is disabled, the  
53 29 statement and designation may be signed and delivered by any  
53 30 member of the owner's family, by the owner's guardian or  
53 31 conservator, or by any other person who may represent the  
53 32 owner under power of attorney. If the owner of the homestead  
53 33 is married, the spouse may sign and deliver the statement and  
53 34 designation. The director of human services or the director's  
53 35 designee may make application for the benefits of this chapter  
54 1 as the agent for and on behalf of persons receiving assistance  
54 2 under chapter 249.

54 3 Any person sixty-five years of age or older or any person  
54 4 who is disabled may request, in writing, from the appropriate  
54 5 assessor forms for filing for the homestead tax ~~credit~~  
54 6 ~~exemption~~. Any person sixty-five years of age or older or who  
54 7 is disabled may complete the form, which shall include a  
54 8 statement of homestead, and mail or return it to the  
54 9 appropriate assessor. The signature of the claimant on the  
54 10 statement shall be considered the claimant's acknowledgment  
54 11 that all statements and facts entered on the form are correct  
54 12 to the best of the claimant's knowledge.

54 13 Upon adoption of a resolution by the county board of  
54 14 supervisors, any person may request, in writing, from the  
54 15 appropriate assessor forms for the filing for the homestead  
54 16 tax ~~credit exemption~~. The person may complete the form, which  
54 17 shall include a statement of homestead, and mail or return it  
54 18 to the appropriate assessor. The signature of the claimant on  
54 19 the statement of homestead shall be considered the claimant's  
54 20 acknowledgment that all statements and facts entered on the  
54 21 form are correct to the best of the claimant's knowledge.

54 22 Sec. 92. Section 425.3, unnumbered paragraph 4, Code 2005,  
54 23 is amended to read as follows:

54 24 The county auditor shall forward the claims to the board of  
54 25 supervisors. The board shall allow or disallow the claims.  
54 26 If the board disallows a claim, it shall send written notice,  
54 27 by mail, to the claimant at the claimant's last known address.  
54 28 The notice shall state the reasons for disallowing the claim  
54 29 for the ~~credit exemption~~. The board is not required to send  
54 30 notice that a claim is disallowed if the claimant voluntarily  
54 31 withdraws the claim.

54 32 Sec. 93. Section 425.6, Code 2005, is amended to read as  
54 33 follows:

54 34 425.6 WAIVER BY NEGLECT.

54 35 If a person fails to file a claim or to have a claim on  
55 1 file with the assessor for the ~~credits exemption~~ provided in  
55 2 this chapter, the person is deemed to have waived the  
55 3 homestead ~~credit exemption~~ for the year in which the person  
55 4 failed to file the claim or to have a claim on file with the  
55 5 assessor.

55 6 Sec. 94. Section 425.7, subsection 3, Code 2005, is  
55 7 amended to read as follows:

55 8 3. If the director of revenue determines that a claim for  
55 9 the homestead ~~credit exemption~~ has been allowed by the board  
55 10 of supervisors which is not justifiable under the law and not  
55 11 substantiated by proper facts, the director may, at any time  
55 12 within thirty-six months from July 1 of the year in which the  
55 13 claim is allowed, set aside the allowance. Notice of the  
55 14 disallowance shall be given to the county auditor of the  
55 15 county in which the claim has been improperly granted and a  
55 16 written notice of the disallowance shall also be addressed to  
55 17 the claimant at the claimant's last known address. The  
55 18 claimant or board of supervisors may appeal to the state board



55 19 of tax review pursuant to section 421.1, subsection 4. The  
55 20 claimant or the board of supervisors may seek judicial review  
55 21 of the action of the state board of tax review in accordance  
55 22 with chapter 17A.

55 23 If a claim is disallowed by the director of revenue and not  
55 24 appealed to the state board of tax review or appealed to the  
55 25 state board of tax review and thereafter upheld upon final  
55 26 resolution, including any judicial review, ~~any amounts of~~  
~~55 27 credits allowed and paid from the homestead credit fund~~  
~~55 28 including the penalty, if any, the taxes that would have been~~  
~~55 29 due on the disallowed claim, if not otherwise paid, shall~~

55 30 become a lien upon the property on which credit the exemption  
55 31 was originally granted, if still in the hands of the claimant,  
55 32 and not in the hands of a bona fide purchaser, and any amount  
55 33 ~~so erroneously of such taxes not paid including the penalty,~~  
55 34 if any, shall be collected by the county treasurer in the same  
55 35 manner as other taxes ~~and the collections shall be returned to~~  
~~56 1 the department of revenue and credited to the homestead credit~~  
~~56 2 fund. The director of revenue may institute legal proceedings~~  
~~56 3 against a homestead credit claimant for the collection of~~  
~~56 4 payments made on disallowed credits and the penalty, if any.~~

56 5 If a person makes a false claim or affidavit with fraudulent  
56 6 intent to obtain the homestead credit exemption, the person is  
56 7 guilty of a fraudulent practice and the claim shall be  
56 8 disallowed in full. ~~If the credit has been paid, the amount~~  
~~56 9 of the credit plus a penalty equal to twenty-five percent of~~  
~~56 10 the amount of credit plus interest, at the rate in effect~~  
~~56 11 under section 421.7, from the time of payment shall be~~  
~~56 12 collected by the county treasurer in the same manner as other~~  
~~56 13 property taxes, penalty, and interest are collected and when~~  
~~56 14 collected shall be paid to the director of revenue. If a~~  
56 15 homestead credit exemption is disallowed and the claimant  
56 16 failed to give written notice to the assessor as required by  
56 17 section 425.2 when the property ceased to be used as a  
56 18 homestead by the claimant, a civil penalty equal to five  
56 19 percent of the amount of the taxes that would have been due on  
~~56 20 the disallowed credit exemption is assessed against the~~  
56 21 claimant.

56 22 Sec. 95. Section 425.8, unnumbered paragraph 1, Code 2005,  
56 23 is amended to read as follows:

56 24 The director of revenue shall prescribe the form for the  
56 25 making of verified statement and designation of homestead, the  
56 26 form for the supporting affidavits required herein, and such  
56 27 other forms as may be necessary for the proper administration  
56 28 of this chapter. Whenever necessary, the department of  
56 29 revenue shall forward to the county auditors of the several  
56 30 counties in the state the prescribed sample forms, and the  
56 31 county auditors shall furnish blank forms prepared in  
56 32 accordance therewith with the assessment rolls, books, and  
56 33 supplies delivered to the assessors. The department of  
56 34 revenue shall prescribe and the county auditors shall provide  
56 35 on the forms for claiming the homestead credit exemption a  
57 1 statement to the effect that the owner realizes that the owner  
57 2 must give written notice to the assessor when the owner  
57 3 changes the use of the property.

57 4 Sec. 96. Section 425.9, Code 2005, is amended by striking  
57 5 the section and inserting in lieu thereof the following:

57 6 425.9 EXEMPTION == APPEAL == CREDIT.

57 7 If any claim for exemption made under this chapter has been  
57 8 denied by the board of supervisors, and such action is  
57 9 subsequently reversed on appeal, the exemption shall be  
57 10 allowed on the homestead involved in the appeal, and the  
57 11 director of revenue, the county auditor, and the county  
57 12 treasurer shall change their books and records accordingly.

57 13 If the tax has been levied on the exemption amount of the  
57 14 homestead of the appealing taxpayer or the appealing taxpayer  
57 15 has paid one or both of the installments of the tax payable in  
57 16 the year or years in question on such homestead valuation, a  
57 17 credit for such taxes shall be applied to the property if  
57 18 still in the hands of the claimant.

57 19 Sec. 97. Section 425.10, Code 2005, is amended to read as  
57 20 follows:

57 21 425.10 REVERSAL OF ALLOWED CLAIM.

57 22 In the event any claim is allowed, and subsequently  
57 23 reversed on appeal, any credit exemption made thereunder shall  
57 24 be void, and the amount of ~~such credit the taxes that would~~  
~~57 25 have been due on the exemption~~ shall be charged against the  
57 26 property in question, and the director of revenue, the county  
57 27 auditor, and the county treasurer are authorized and directed  
57 28 to correct their books and records accordingly. The amount of  
57 29 ~~such taxes due on the erroneous credit exemption, when~~

57 30 collected, shall be ~~returned distributed~~ by the county  
57 31 treasurer to the ~~homestead credit fund to be reallocated the~~  
~~57 32 following year as provided herein other jurisdictions in the~~  
~~57 33 same proportion as the other taxes.~~

57 34 Sec. 98. Section 425.11, subsection 3, paragraph a,  
57 35 unnumbered paragraph 1, Code 2005, is amended to read as  
58 1 follows:

58 2 The homestead includes the dwelling house which the owner,  
58 3 in good faith, is occupying as a home on July 1 of the year  
58 4 for which the ~~credit exemption~~ is claimed and occupies as a  
58 5 home for at least six months during the calendar year in which  
58 6 the fiscal year begins, except as otherwise provided.

58 7 Sec. 99. Section 425.11, subsection 3, paragraph c, Code  
58 8 2005, is amended to read as follows:

58 9 c. It must not embrace more than one dwelling house, but  
58 10 where a homestead has more than one dwelling house situated  
58 11 thereon, the ~~credit exemption~~ provided for in this chapter  
58 12 shall apply to the home and buildings used by the owner, but  
58 13 shall not apply to any other dwelling house and buildings  
58 14 appurtenant.

58 15 Sec. 100. Section 425.11, subsection 4, unnumbered  
58 16 paragraph 1, Code 2005, is amended to read as follows:

58 17 The word "owner" shall mean the person who holds the fee  
58 18 simple title to the homestead, and in addition shall mean the  
58 19 person occupying as a surviving spouse or the person occupying  
58 20 under a contract of purchase which contract has been recorded  
58 21 in the office of the county recorder of the county in which  
58 22 the property is located, or the person occupying the homestead  
58 23 under devise or by operation of the inheritance laws where the  
58 24 whole interest passes or where the divided interest is shared  
58 25 only by persons related or formerly related to each other by  
58 26 blood, marriage or adoption, or the person occupying the  
58 27 homestead is a shareholder of a family farm corporation that  
58 28 owns the property, or the person occupying the homestead under  
58 29 a deed which conveys a divided interest where the divided  
58 30 interest is shared only by persons related or formerly related  
58 31 to each other by blood, marriage or adoption or where the  
58 32 person occupying the homestead holds a life estate with the  
58 33 reversion interest held by a nonprofit corporation organized  
58 34 under chapter 504 or 504A, provided that the holder of the  
58 35 life estate is liable for and pays property tax on the  
59 1 homestead or where the person occupying the homestead holds an  
59 2 interest in a horizontal property regime under chapter 499B,  
59 3 regardless of whether the underlying land committed to the  
59 4 horizontal property regime is in fee or as a leasehold  
59 5 interest, provided that the holder of the interest in the  
59 6 horizontal property regime is liable for and pays property tax  
59 7 on the homestead. For the purpose of this chapter the word  
59 8 "owner" shall be construed to mean a bona fide owner and not  
59 9 one for the purpose only of availing the person of the  
59 10 benefits of this chapter. In order to qualify for the  
59 11 homestead tax ~~credit exemption~~, evidence of ownership shall be  
59 12 on file in the office of the clerk of the district court or  
59 13 recorded in the office of the county recorder at the time the  
59 14 owner files with the assessor a verified statement of the  
59 15 homestead claimed by the owner as provided in section 425.2.

59 16 Sec. 101. Section 425.12, Code 2005, is amended to read as  
59 17 follows:

59 18 425.12 INDIAN LAND.

59 19 Each forty acres of land, or fraction thereof, occupied by  
59 20 a member or members of the Sac and Fox Indians in Tama county,  
59 21 which land is held in trust by the secretary of the interior  
59 22 of the United States for said Indians, shall be given a  
59 23 homestead tax ~~credit exemption~~ within the meaning and under  
59 24 the provisions of this chapter. Application for such  
59 25 homestead tax ~~credit exemption~~ shall be made to the county  
59 26 auditor of Tama county and may be made by a representative of  
59 27 the tribal council.

59 28 Sec. 102. Section 425.13, Code 2005, is amended to read as  
59 29 follows:

59 30 425.13 CONSPIRACY TO DEFRAUD.

59 31 If any two or more persons conspire and confederate  
59 32 together with fraudulent intent to obtain the ~~credit exemption~~  
59 33 provided for under the terms of this chapter by making a false  
59 34 deed, or a false contract of purchase, they are guilty of a  
59 35 fraudulent practice.

60 1 Sec. 103. Section 425.15, Code 2005, is amended to read as  
60 2 follows:

60 3 425.15 DISABLED VETERAN TAX ~~CREDIT EXEMPTION~~.

60 4 If the owner of a homestead allowed ~~a credit an exemption~~  
60 5 under this chapter is a veteran of any of the military forces

60 6 of the United States, who acquired the homestead under 38  
60 7 U.S.C. } 21.801, 21.802, or 38 U.S.C. } 2101, 2102, the ~~credit~~  
60 8 ~~exemption~~ allowed on the homestead ~~from the homestead credit~~  
~~60 9 fund~~ shall be the entire amount of the ~~tax levied assessed~~  
~~60 10 value~~ on the homestead. The ~~credit exemption~~ allowed shall be  
60 11 continued to the estate of a veteran who is deceased or the  
60 12 surviving spouse and any child, as defined in section 234.1,  
60 13 who are the beneficiaries of a deceased veteran, so long as  
60 14 the surviving spouse remains unmarried. This section is not  
60 15 applicable to the holder of title to any homestead whose  
60 16 annual income, together with that of the titleholder's spouse,  
60 17 if any, for the last preceding twelve-month income tax  
60 18 accounting period exceeds thirty-five thousand dollars. For  
60 19 the purpose of this section "income" means taxable income for  
60 20 federal income tax purposes plus income from securities of  
60 21 state and other political subdivisions exempt from federal  
60 22 income tax. A veteran or a beneficiary of a veteran who  
60 23 elects to secure the ~~credit exemption~~ provided in this section  
60 24 is not eligible for any other real property tax exemption  
60 25 provided by law for veterans of military service. If a  
60 26 veteran acquires a different homestead, the ~~credit exemption~~  
60 27 allowed under this section may be claimed on the new homestead  
60 28 unless the veteran fails to meet the other requirements of  
60 29 this section.

60 30 Sec. 104. Section 425.16, Code 2005, is amended to read as  
60 31 follows:

60 32 425.16 ADDITIONAL TAX ~~CREDIT~~ EXEMPTION.

60 33 In addition to the homestead tax ~~credit exemption~~ allowed  
60 34 under section 425.1, ~~subsections 1 to 4~~, persons who own or  
~~60 35 rent~~ their homesteads and who meet the qualifications provided  
61 1 in this division are eligible for an extraordinary property  
61 2 tax ~~credit or reimbursement exemption~~.

61 3 For valuations established pursuant to section 441.21, as  
61 4 of January 1, 2006, and for subsequent assessment years, the  
61 5 actual value at which an eligible homestead under this part is  
61 6 assessed shall be reduced by two thousand five hundred  
61 7 dollars.

61 8 The reduction allowed under this part is in addition to the  
61 9 reduction in section 441.21, subsection 4.

61 10 Sec. 105. Section 425.17, subsection 2, Code 2005, is  
61 11 amended to read as follows:

61 12 2. "Claimant" means either of the following:

61 13 a. A person filing a claim for ~~credit or reimbursement~~  
61 14 ~~exemption~~ under this division who has attained the age of  
61 15 sixty-five years on or before December 31 of the base year or  
61 16 who is totally disabled and was totally disabled on or before  
61 17 December 31 of the base year and is domiciled in this state at  
61 18 the time the claim is filed or at the time of the person's  
61 19 death in the case of a claim filed by the executor or  
61 20 administrator of the claimant's estate ~~and whose income in the~~  
61 21 ~~base year was less than sixteen thousand five hundred dollars.~~

61 22 b. A person filing a claim for ~~credit or reimbursement~~  
61 23 ~~exemption~~ under this division who has attained the age of  
61 24 twenty-three years on or before December 31 of the base year  
61 25 or was a head of household on December 31 of the base year, as  
61 26 defined in the Internal Revenue Code, but has not attained the  
61 27 age or disability status described in paragraph "a", and is  
61 28 domiciled in this state at the time the claim is filed or at  
61 29 the time of the person's death in the case of a claim filed by  
61 30 the executor or administrator of the claimant's estate, and  
61 31 was not claimed as a dependent on any other person's tax  
61 32 return for the base year ~~and whose income in the base year was~~  
61 33 ~~less than sixteen thousand five hundred dollars.~~

61 34 "Claimant" under paragraph "a" or "b" includes a vendee in  
61 35 possession under a contract for deed and may include one or  
62 1 more joint tenants or tenants in common. ~~In the case of a~~  
~~62 2 claim for rent constituting property taxes paid, the claimant~~  
~~62 3 shall have rented the property during any part of the base~~  
~~62 4 year. In the case of a claim for property taxes due, the~~ The  
62 5 claimant shall have occupied the property during any part of  
62 6 the fiscal year beginning July 1 of the base year. If a  
62 7 homestead is occupied by two or more persons, and more than  
62 8 one person is able to qualify as a claimant, the persons may  
62 9 each file a claim based upon each person's income ~~and rent~~  
~~62 10 constituting property taxes paid or property taxes due.~~

62 11 Sec. 106. Section 425.17, subsection 3, Code 2005, is  
62 12 amended by striking the subsection.

62 13 Sec. 107. Section 425.17, subsection 4, Code 2005, is  
62 14 amended to read as follows:

62 15 4. "Homestead" means the dwelling owned ~~or rented~~ and  
62 16 actually used as a home by the claimant during the period

62 17 specified in subsection 2, and so much of the land surrounding  
62 18 it including one or more contiguous lots or tracts of land, as  
62 19 is reasonably necessary for use of the dwelling as a home, and  
62 20 may consist of a part of a multidwelling or multipurpose  
62 21 building and a part of the land upon which it is built. It  
62 22 does not include personal property except that a manufactured  
62 23 or mobile home may be a homestead. ~~Any dwelling or a part of~~  
~~62 24 a multidwelling or multipurpose building which is exempt from~~  
~~62 25 taxation does not qualify as a homestead under this division.~~  
~~62 26 However, solely for purposes of claimants living in a property~~  
~~62 27 and receiving reimbursement for rent constituting property~~  
~~62 28 taxes paid immediately before the property becomes tax exempt,~~  
~~62 29 and continuing to live in it after it becomes tax exempt, the~~  
~~62 30 property shall continue to be classified as a homestead. A~~  
62 31 homestead must be located in this state. When a person is  
62 32 confined in a nursing home, extended-care facility, or  
62 33 hospital, the person shall be considered as occupying or  
62 34 living in the person's homestead if the person is the owner of  
62 35 the homestead and the person maintains the homestead and does  
63 1 not lease, rent, or otherwise receive profits from other  
63 2 persons for the use of the homestead.  
63 3 Sec. 108. Section 425.17, subsections 8 and 9, Code 2005,  
63 4 are amended by striking the subsections.  
63 5 Sec. 109. Section 425.18, Code 2005, is amended to read as  
63 6 follows:  
63 7 425.18 RIGHT TO FILE A CLAIM.  
63 8 The right to file a claim for ~~reimbursement or credit~~  
63 9 exemption under this division may be exercised by the claimant  
63 10 or on behalf of a claimant by the claimant's legal guardian,  
63 11 spouse, or attorney, or by the executor or administrator of  
63 12 the claimant's estate. ~~If a claimant dies after having filed~~  
~~63 13 a claim for reimbursement for rent constituting property taxes~~  
~~63 14 paid, the amount of the reimbursement may be paid to another~~  
~~63 15 member of the household as determined by the director. If the~~  
~~63 16 claimant was the only member of the household, the~~  
~~63 17 reimbursement may be paid to the claimant's executor or~~  
~~63 18 administrator, but if neither is appointed and qualified~~  
~~63 19 within one year from the date of the filing of the claim, the~~  
~~63 20 reimbursement shall escheat to the state. If a claimant dies~~  
63 21 after having filed a claim for ~~credit for property taxes due~~  
63 22 exemption, the amount of ~~credit~~ the exemption shall be paid  
63 23 allowed as if the claimant had not died.  
63 24 Sec. 110. Section 425.19, Code 2005, is amended to read as  
63 25 follows:  
63 26 425.19 CLAIM AND ~~CREDIT OR REIMBURSEMENT~~ EXEMPTION.  
63 27 Subject to the limitations provided in this division, a  
63 28 claimant may annually claim ~~a credit for property taxes due an~~  
~~63 29 exemption~~ during the fiscal year next following the base year  
63 30 ~~or claim a reimbursement for rent constituting property taxes~~  
~~63 31 paid in the base year. The amount of the credit for property~~  
~~63 32 taxes due for a homestead shall be paid on June 15 of each~~  
~~63 33 year by the director to the county treasurer who shall credit~~  
~~63 34 the money received against the amount of the property taxes~~  
~~63 35 due and payable on the homestead of the claimant and the~~  
~~64 1 amount of the reimbursement for rent constituting property~~  
~~64 2 taxes paid shall be paid to the claimant from the state~~  
~~64 3 general fund on or before December 31 of each year.~~  
64 4 Sec. 111. Section 425.20, unnumbered paragraph 1, Code  
64 5 2005, is amended by striking the unnumbered paragraph.  
64 6 Sec. 112. Section 425.20, unnumbered paragraphs 2 and 3,  
64 7 Code 2005, are amended to read as follows:  
64 8 A claim for ~~credit for property taxes due~~ exemption shall  
64 9 not be ~~paid or~~ allowed unless the claim is filed with the  
64 10 county treasurer between January 1 and June 1, both dates  
64 11 inclusive, immediately preceding the fiscal year during which  
64 12 the property taxes are due. However, in case of sickness,  
64 13 absence, or other disability of the claimant, or if in the  
64 14 judgment of the county treasurer good cause exists, the county  
64 15 treasurer may extend the time for filing a claim for ~~credit~~  
64 16 exemption through September 30 of the same calendar year. ~~The~~  
~~64 17 county treasurer shall certify to the director of revenue on~~  
~~64 18 or before May 1 of each year the total amount of dollars due~~  
~~64 19 for claims allowed.~~  
64 20 In case of sickness, absence, or other disability of the  
64 21 claimant or if, in the judgment of the director of revenue,  
64 22 good cause exists and the claimant requests an extension, the  
64 23 director may extend the time for filing a claim for  
64 24 ~~reimbursement or credit~~ exemption. However, any further time  
64 25 granted shall not extend beyond December 31 of the year  
64 26 following the year in which the claim was required to be  
64 27 filed. Claims filed as a result of this paragraph shall be

64 28 filed with the director who shall provide for the  
64 29 reimbursement of the claim to the claimant.  
64 30 Sec. 113. Section 425.22, Code 2005, is amended to read as  
64 31 follows:  
64 32 425.22 ONE CLAIMANT PER HOUSEHOLD.  
64 33 Only one claimant per household per year shall be entitled  
64 34 to reimbursement under this division and only one claimant per  
64 35 household per fiscal year shall be entitled to a credit an  
65 1 exemption under this division.  
65 2 Sec. 114. Section 425.23, Code 2005, is amended by  
65 3 striking the section and inserting in lieu thereof the  
65 4 following:  
65 5 425.23 ANNUAL ADJUSTMENT TO INCOME.  
65 6 1. For the base year beginning in the 2006 calendar year  
65 7 and for each subsequent base year, the dollar amounts set  
65 8 forth in section 425.17, subsection 2, shall be multiplied by  
65 9 the cumulative adjustment factor for that base year.  
65 10 "Cumulative adjustment factor" means the product of the annual  
65 11 adjustment factor for the 2005 base year and all annual  
65 12 adjustment factors for subsequent base years. The cumulative  
65 13 adjustment factor applies to the base year beginning in the  
65 14 calendar year for which the latest annual adjustment factor  
65 15 has been determined.  
65 16 2. The annual adjustment factor for the 2005 base year is  
65 17 one hundred percent. For each subsequent base year, the  
65 18 annual adjustment factor equals the annual inflation factor  
65 19 for the calendar year, in which the base year begins, as  
65 20 computed in section 422.4 for purposes of the individual  
65 21 income tax.  
65 22 Sec. 115. Section 425.26, subsections 2 and 3, Code 2005,  
65 23 are amended by striking the subsections.  
65 24 Sec. 116. Section 425.27, Code 2005, is amended to read as  
65 25 follows:  
65 26 425.27 AUDIT == RECALCULATION OR DENIAL.  
65 27 If on the audit of a claim for ~~credit or reimbursement~~  
65 28 exemption under this division, the director determines the  
65 29 ~~amount of the claim to have been incorrectly calculated or~~  
65 30 ~~that the claim is not allowable, the director shall~~  
65 31 ~~recalculate the claim and notify the claimant of the~~  
65 32 ~~recalculation or denial and the reasons for it. The director~~  
65 33 ~~shall not adjust a claim after three years from October 31 of~~  
65 34 ~~the year in which the claim was filed. If the claim for~~  
65 35 ~~reimbursement has been paid, the amount may be recovered by~~  
66 1 ~~assessment in the same manner that income taxes are assessed~~  
66 2 ~~under sections 422.26 and 422.30. If the claim for credit~~  
66 3 ~~exemption has been paid allowed, the director shall give~~  
66 4 ~~notification to the claimant and the county treasurer of the~~  
66 5 ~~recalculation or denial of the claim and the county treasurer~~  
66 6 ~~shall proceed to collect the tax owed in the same manner as~~  
66 7 ~~other property taxes due and payable are collected, if the~~  
66 8 ~~property on which the credit exemption was granted is still~~  
66 9 ~~owned by the claimant, and repay the amount to the director~~  
66 10 ~~upon collection. If the property on which the credit~~  
66 11 ~~exemption was granted is not owned by the claimant, the amount~~  
66 12 ~~may be recovered from the claimant by assessment in the same~~  
66 13 ~~manner that income taxes are assessed under sections 422.26~~  
66 14 ~~and 422.30. The recalculation of the claim property taxes due~~  
66 15 ~~shall be final unless appealed as provided in section 425.31.~~  
66 16 Section 422.70 is applicable with respect to this division.  
66 17 Sec. 117. Section 425.28, unnumbered paragraph 2, Code  
66 18 2005, is amended to read as follows:  
66 19 The department of revenue may release information  
66 20 pertaining to a person's eligibility ~~or claim for or receipt~~  
66 21 ~~of rent reimbursement~~ to an employee of the department of  
66 22 inspections and appeals in the employee's official conduct of  
66 23 an audit or investigation.  
66 24 Sec. 118. Section 425.29, Code 2005, is amended to read as  
66 25 follows:  
66 26 425.29 FALSE CLAIM == PENALTY.  
66 27 A person who makes a false affidavit for the purpose of  
66 28 obtaining ~~credit or reimbursement~~ an exemption provided for in  
66 29 this division or who knowingly receives the ~~credit or~~  
66 30 ~~reimbursement exemption~~ without being legally entitled to it  
66 31 or makes claim for the ~~credit or reimbursement exemption~~ in  
66 32 more than one county in the state without being legally  
66 33 entitled to it is guilty of a fraudulent practice. The claim  
66 34 for ~~credit or reimbursement exemption~~ shall be disallowed in  
66 35 full and if the ~~claim reduction in value~~ has been paid made,  
67 1 the amount of the exemption credited as taxes shall be  
67 2 recovered in the manner provided in section 425.27. The  
67 3 director of revenue shall send a notice of disallowance of the

67 4 claim.  
67 5 Sec. 119. Section 426A.6, Code 2005, is amended to read as  
67 6 follows:  
67 7 426A.6 SETTING ASIDE ALLOWANCE.  
67 8 If the director of revenue determines that a claim for  
67 9 military service tax exemption has been allowed by a board of  
67 10 supervisors which is not justifiable under the law and not  
67 11 substantiated by proper facts, the director may, at any time  
67 12 within thirty-six months from July 1 of the year in which the  
67 13 claim is allowed, set aside the allowance. Notice of the  
67 14 disallowance shall be given to the county auditor of the  
67 15 county in which the claim has been improperly granted and a  
67 16 written notice of the disallowance shall also be addressed to  
67 17 the claimant at the claimant's last known address. The  
67 18 claimant or the board of supervisors may appeal to the state  
67 19 board of tax review pursuant to section 421.1, subsection 4.  
67 20 The claimant or the board of supervisors may seek judicial  
67 21 review of the action of the state board of tax review in  
67 22 accordance with chapter 17A. If a claim is disallowed by the  
67 23 director of revenue and not appealed to the state board of tax  
67 24 review or appealed to the state board of tax review and  
67 25 thereafter upheld upon final resolution, including judicial  
67 26 review, the credits allowed and paid from the general fund of  
~~67 27 the state taxes that would have been due on the disallowed~~  
~~67 28 claim, if not otherwise paid, shall become a lien upon the~~  
67 29 property on which the credit was originally granted, if still  
67 30 in the hands of the claimant and not in the hands of a bona  
67 31 fide purchaser, and the amount ~~so erroneously of such taxes~~  
~~67 32 not paid shall be collected by the county treasurer in the~~  
~~67 33 same manner as other taxes, and the collections shall be~~  
~~67 34 returned to the department of revenue and credited to the~~  
~~67 35 general fund of the state.~~ The director of revenue county  
68 1 attorney may institute legal proceedings against a military  
68 2 service tax exemption claimant for the collection of payments  
68 3 made on disallowed exemptions.  
68 4 Sec. 120. Section 426A.8, Code 2005, is amended by  
68 5 striking the section and inserting in lieu thereof the  
68 6 following:  
68 7 426A.8 APPEALS.  
68 8 If any claim for exemption made has been denied by the  
68 9 board of supervisors, and the action is subsequently reversed  
68 10 on appeal, the exemption shall be allowed on the assessed  
68 11 valuation, and the county auditor and the county treasurer  
68 12 shall change their books and records accordingly.  
68 13 If the appealing taxpayer has paid one or both of the  
68 14 installments of the tax payable in the year or years in  
68 15 question on such military service tax exemption valuation, a  
68 16 credit for such taxes shall be applied to the property if  
68 17 still in the hands of the claimant.  
68 18 Sec. 121. Section 426A.9, Code 2005, is amended to read as  
68 19 follows:  
68 20 426A.9 ERRONEOUS CREDITS EXEMPTIONS.  
68 21 If any claim is allowed, and subsequently reversed on  
68 22 appeal, any ~~credit exemption~~ shall be void, and the amount of  
68 23 the ~~credit taxes that would have been due on the exemption~~  
68 24 shall be charged against the property in question, and the  
68 25 ~~director of revenue, the~~ county auditor and the county  
68 26 treasurer shall correct their books and records. The amount  
68 27 of ~~taxes due on the erroneous credit exemption~~, when  
68 28 collected, shall be ~~returned distributed~~ by the county  
68 29 treasurer to the ~~general fund of the state other jurisdictions~~  
~~68 30 in the same proportion as the other taxes.~~  
68 31 Sec. 122. Section 426A.11, Code 2005, is amended to read  
68 32 as follows:  
68 33 426A.11 MILITARY SERVICE == EXEMPTIONS.  
68 34 The following exemptions from taxation shall be allowed:  
68 35 ~~1. The property, not to exceed two thousand seven hundred~~  
~~69 1 seventy-eight dollars in taxable value of any veteran, as~~  
~~69 2 defined in section 35.1, of the First World War.~~  
69 3 ~~2. 1. The property, not to exceed one two thousand eight~~  
~~69 4 hundred fifty-two dollars in taxable value of an honorably~~  
69 5 separated, retired, furloughed to a reserve, placed on  
69 6 inactive status, or discharged veteran, ~~as defined in section~~  
~~69 7 35.1 or a person currently serving in the armed forces of the~~  
~~69 8 United States.~~  
69 9 ~~3. 2. Where the word "veteran" appears in this chapter,~~  
~~69 10 it Service in the armed forces of the United States includes,~~  
69 11 without limitation, ~~the members service as a member~~ of the  
69 12 United States air force, merchant marine, and coast guard,  
69 13 reserve forces, Iowa national guard, and women's air force and  
69 14 army corps.

69 15 ~~4-~~ 3. For the purpose of determining a military tax  
69 16 exemption under this section, property includes a manufactured  
69 17 or mobile home as defined in section 435.1.

69 18 Sec. 123. Section 426A.13, unnumbered paragraphs 1 through  
69 19 3, Code 2005, are amended to read as follows:

69 20 A person named in section 426A.11, who is a resident of and  
69 21 domiciled in the state of Iowa, shall receive a reduction  
69 22 equal to the exemption, to be made from any property owned by  
69 23 the person or owned by a family farm corporation of which the  
69 24 person is a shareholder and who occupies the property and so  
69 25 designated by proceeding as provided in the section. To be  
69 26 eligible to receive the exemption the person claiming it shall  
69 27 have recorded in the office of the county recorder of the  
69 28 county in which is located the property designated for the  
69 29 exemption, evidence of property ownership by that person or  
69 30 the family farm corporation of which the person is a  
69 31 shareholder and the military certificate of satisfactory  
69 32 service, order transferring to inactive status, reserve,  
69 33 retirement, order of separation from service, honorable  
69 34 discharge or a copy of any of these documents of the person  
69 35 claiming or through whom is claimed the exemption. In the  
70 1 case of a person claiming the exemption for currently serving  
70 2 in the armed forces, the person shall file the person's annual  
70 3 retirement points accounting statement issued by the armed  
70 4 forces of the United States, the state adjutant general, or  
70 5 the adjutant general of any other state.

70 6 The person shall file with the appropriate assessor on  
70 7 forms obtained from the assessor the claim for exemption for  
70 8 the year for which the person is first claiming the exemption.  
70 9 The claim shall be filed not later than July 1 of the year for  
70 10 which the person is claiming the exemption. The claim shall  
70 11 set out the fact that the person is a resident of and  
70 12 domiciled in the state of Iowa, and a person within the terms  
70 13 of section 426A.11, and shall give the volume and page on  
70 14 which the certificate of satisfactory service, order of  
70 15 separation, retirement, furlough to reserve, inactive status,  
70 16 or honorable discharge or certified copy thereof is recorded  
70 17 in the office of the county recorder, and may include the  
70 18 designation of the property from which the exemption is to be  
70 19 made, and shall further state that the claimant is the  
70 20 equitable or legal owner of the property designated or if the  
70 21 property is owned by a family farm corporation, that the  
70 22 person is a shareholder of that corporation and that the  
70 23 person occupies the property. In the case of a person  
70 24 claiming the exemption for currently serving in the armed  
70 25 forces, the person shall file the person's annual retirement  
70 26 points accounting statement issued by the armed forces of the  
70 27 United States, the state adjutant general, or the adjutant  
70 28 general of any other state.

70 29 Upon the filing and allowance of the claim, the claim shall  
70 30 be allowed to that person for successive years without further  
70 31 filing. However, in the case of a person currently serving in  
70 32 the armed forces, such person shall file each year to be  
70 33 eligible to obtain the exemption. Provided, that

70 34 notwithstanding the filing or having on file a claim for  
70 35 exemption, the person or person's spouse is the legal or  
71 1 equitable owner of the property on July 1 of the year for  
71 2 which the claim is allowed. When the property is sold or  
71 3 transferred or the person wishes to designate different  
71 4 property for the exemption, a person who wishes to receive the  
71 5 exemption shall refile for the exemption. A person who sells  
71 6 or transfers property which is designated for the exemption or  
71 7 the personal representative of a deceased person who owned  
71 8 such property shall provide written notice to the assessor  
71 9 that the property is no longer legally or equitably owned by  
71 10 the former claimant.

71 11 Sec. 124. Section 427.1, subsection 19, unnumbered  
71 12 paragraph 3, Code 2005, is amended to read as follows:

71 13 This exemption shall be limited to the market value, as  
71 14 defined in section 441.21, of the pollution-control or  
71 15 recycling property. If the pollution-control or recycling  
71 16 property is assessed with other property as a unit, this  
71 17 exemption shall be limited to the net market value added by  
71 18 the pollution-control or recycling property, determined as of  
71 19 the assessment date. However, for pollution-control  
71 20 exemptions on file as of July 1, 2006, or first applied for on  
71 21 or after July 1, 2006, the exemption is limited to one hundred  
71 22 thousand dollars of market value.

71 23 Sec. 125. Section 427.9, Code 2005, is amended to read as  
71 24 follows:

71 25 427.9 SUSPENSION OF TAXES, ASSESSMENTS, AND RATES OR

71 26 CHARGES, INCLUDING INTEREST, FEES, AND COSTS.

71 27 If a person is a recipient of federal supplementary  
71 28 security income or state supplementary assistance, as defined  
71 29 in section 249.1, or is a resident of a health care facility,  
71 30 as defined by section 135C.1, which is receiving payment from  
71 31 the department of human services for the person's care, the  
71 32 person shall be deemed to be unable to contribute to the  
71 33 public revenue. The director of human services shall notify a  
71 34 person receiving such assistance of the tax suspension  
71 35 provision and shall provide the person with evidence to  
72 1 present to the appropriate county board of supervisors which  
72 2 shows the person's eligibility for tax suspension on parcels  
72 3 owned, possessed, or upon which the person is paying taxes as  
72 4 a purchaser under contract. The board of supervisors so  
72 5 notified, without the filing of a petition and statement as  
72 6 specified in section 427.8, shall order the county treasurer  
72 7 to suspend the collection of all the taxes, special  
72 8 assessments, and rates or charges, including interest, fees,  
72 9 and costs, assessed against the parcels and remaining unpaid  
72 10 by the person or contractually payable by the person, for such  
72 11 time as the person remains the owner or contractually  
72 12 prospective owner of the parcels, and during the period the  
72 13 person receives assistance as described in this section. The  
72 14 county board of supervisors shall annually send to the  
72 15 department of human services the names and social security  
72 16 numbers of persons receiving a tax suspension pursuant to this  
72 17 section. The department shall verify the continued  
72 18 eligibility for tax suspension of each name on the list and  
72 19 shall return the list to the board of supervisors. The  
72 20 director of human services shall advise the person that the  
72 21 person may apply for an additional property tax credit  
72 22 pursuant to sections 425.16 ~~to 425.39~~ through 425.37 which  
72 23 shall be credited against the amount of the taxes suspended.  
72 24 Sec. 126. Section 427C.12, unnumbered paragraph 2, Code  
72 25 2005, is amended to read as follows:

72 26 The board of supervisors shall designate the county  
72 27 conservation board or the assessor who shall inspect the area  
72 28 for which an application is filed for a fruit=tree or forest  
72 29 reservation tax exemption before the application is accepted.  
72 30 Use of aerial photographs may be substituted for on=site  
72 31 inspection when appropriate. The application can only be  
72 32 accepted if it meets the criteria established by the natural  
72 33 resource commission to be a fruit=tree or forest reservation.  
72 34 Once the application has been accepted, the area shall  
72 35 continue to receive the tax exemption during each year in  
73 1 which the area is maintained as a fruit=tree or forest  
73 2 reservation without the owner having to refile. If accepted  
73 3 by the county, the application for a fruit=tree or forest  
73 4 reservation tax exemption shall be stamped approved and the  
73 5 assessor shall forward a copy of the application to the  
73 6 recorder for recording. Acres in a forest reservation shall  
73 7 be exempt from school district levies only.

73 8 PARAGRAPH DIVIDED. If the property is sold or transferred,  
73 9 the seller shall notify the buyer that all, or part of, the  
73 10 property is in fruit=tree or forest reservation and subject to  
73 11 the recapture tax provisions of this section. The tax  
73 12 exemption shall continue to be granted for the remainder of  
73 13 the eight-year period for fruit=tree reservation and for the  
73 14 following years for forest reservation or until the property  
73 15 no longer qualifies as a fruit=tree or forest reservation.  
73 16 The owner of the fruit=tree or forest reservation shall  
73 17 annually certify to the county conservation board or the  
73 18 assessor that the area is being maintained with proper fruit=  
73 19 tree or forest management, including necessary pruning and  
73 20 planting of trees. The area may be inspected each year by the  
73 21 county conservation board or the assessor to determine if the  
73 22 area is maintained as a fruit=tree or forest reservation. If  
73 23 the area is not maintained or is used for economic gain other  
73 24 than as a fruit=tree reservation during any year of the eight=  
73 25 year exemption period and any year of the following five years  
73 26 or as a forest reservation during any year for which the  
73 27 exemption is granted and any of the five years following those  
73 28 exemption years, the assessor shall assess the property for  
73 29 taxation at its fair market value as of January 1 of that year  
73 30 and in addition the area shall be subject to a recapture tax.  
73 31 However, the area shall not be subject to the recapture tax if  
73 32 the owner, including one possessing under a contract of sale,  
73 33 and the owner's direct antecedents or descendants have owned  
73 34 the area for more than ten years. The In the case of a fruit=  
73 35 tree reservation, the tax shall be computed by multiplying the  
74 1 consolidated levy for each of those years, if any, of the five



74 2 preceding years for which the area received the exemption for  
74 3 fruit-tree ~~or forest~~ reservation times the assessed value of  
74 4 the area that would have been taxed but for the tax exemption.  
74 5 ~~This In the case of a forest reservation, the tax shall be~~  
74 6 ~~computed by multiplying the school district levy for each of~~  
74 7 ~~those years, if any, of the five preceding years for which the~~  
74 8 ~~area received the exemption for forest reservation times the~~  
74 9 ~~assessed value of the area that would have been taxed but for~~  
74 10 ~~the tax exemption. The tax shall be entered against the~~  
74 11 property on the tax list for the current year and shall  
74 12 constitute a lien against the property in the same manner as a  
74 13 lien for property taxes. The tax when collected shall be  
74 14 apportioned in the manner provided for the apportionment of  
74 15 the property taxes for the applicable tax year.

74 16 Sec. 127. Section 441.22, Code 2005, is amended to read as  
74 17 follows:

74 18 441.22 FOREST AND FRUIT=TREE RESERVATIONS.  
74 19 Forest and fruit=tree reservations fulfilling the  
74 20 conditions of sections 427C.1 to 427C.13 shall be exempt from  
74 21 taxation, ~~except as otherwise provided in section 427C.12.~~ In  
74 22 all other cases where trees are planted upon any tract of  
74 23 land, without regard to area, for forest, fruit, shade, or  
74 24 ornamental purposes, or for windbreaks, the assessor shall not  
74 25 increase the valuation of the property because of such  
74 26 improvements.

74 27 Sec. 128. Section 499A.14, Code 2005, is amended to read  
74 28 as follows:

74 29 499A.14 TAXATION.  
74 30 The real estate shall be taxed in the name of the  
74 31 cooperative, and each member of the cooperative shall pay that  
74 32 member's proportionate share of the tax in accordance with the  
74 33 proration formula set forth in the bylaws, and each member  
74 34 occupying an apartment as a residence, ~~if eligible,~~ shall  
74 35 receive that member's proportionate homestead tax ~~credit~~  
75 1 ~~exemption~~ and each veteran of the military services of the  
75 2 United States identified as such under the laws of the state  
75 3 of Iowa or the United States shall receive as ~~a credit an~~  
75 4 ~~exemption~~ that member's veterans tax benefit as prescribed by  
75 5 the laws of the state of Iowa.

75 6 Sec. 129. Chapters 425A and 426, Code 2005, are repealed.  
75 7 Sec. 130. Sections 425.4, 425.21, 425.24, 425.25, 425.33  
75 8 through 425.36, 425.39, 425.40, 426A.1A through 426A.5, and  
75 9 435.33, Code 2005, are repealed.

75 10 Sec. 131. EXEMPTIONS NOT CONSIDERED NEWLY ENACTED. The  
75 11 homestead property tax exemption, extraordinary homestead  
75 12 property tax exemption, and the military property tax  
75 13 exemption are not considered newly enacted after January 1,  
75 14 1997, for purposes of section 25B.7.

75 15 Sec. 132. CODE EDITOR DIRECTIVE. The Code editor is  
75 16 directed to change the term "credit" to "exemption" anywhere  
75 17 it occurs in the Code in reference to the homestead credit.  
75 18 The Code editor is further directed to change the terms  
75 19 "credit" and "credit or reimbursement" to "exemption" anywhere  
75 20 those terms occur in the Code in reference to the  
75 21 extraordinary property tax credit or reimbursement.

75 22 Sec. 133. EFFECTIVE AND APPLICABILITY DATES.  
75 23 1. This division of this Act takes effect January 1, 2006,  
75 24 and, except as provided in subsections 2 and 3, applies to  
75 25 assessment years beginning on or after that date.  
75 26 2. The sections of this Act repealing chapters 425A and  
75 27 426, and amending sections in chapters 425 and 426A, apply to  
75 28 taxes due and payable in fiscal years beginning on or after  
75 29 July 1, 2006.  
75 30 3. The section of this Act amending section 427.1,  
75 31 subsection 19, applies to exemptions on file or first applied  
75 32 for on or after July 1, 2006.

75 33 DIVISION IV  
75 34 IMPLEMENTATION COMMITTEE

75 35 Sec. 134. On or before July 1, 2005, the department of  
76 1 revenue, in conjunction with the department of management,  
76 2 shall initiate and coordinate the establishment of an  
76 3 implementation committee. Both the department of revenue and  
76 4 the department of management shall provide staffing assistance  
76 5 to the committee.

76 6 The committee shall include members appointed by the  
76 7 director of revenue representing the department of revenue,  
76 8 the department of management, the department of education,  
76 9 counties, cities, school districts, local assessors, and local  
76 10 auditors.

76 11 The committee shall study the effects of implementation of  
76 12 divisions V, VI, and VII of this Act. The committee shall

76 13 prepare a fiscal analysis detailing the effects of  
76 14 implementation on different classes of property and on  
76 15 different property taxpayers and the effect on city and county  
76 16 revenues. The fiscal analysis shall include a comparison of  
76 17 property taxes levied by cities and counties under the current  
76 18 system and property taxes that could be levied under the  
76 19 provisions of this Act. The comparison shall include  
76 20 projections beyond the current fiscal year.

76 21 The committee shall recommend adjustments to the property  
76 22 tax levy portion of the school foundation formula that will  
76 23 take into account the increased property tax valuation base  
76 24 created by this Act and the increased state percentage of  
76 25 school foundation funding provided in this Act.

76 26 The committee shall consider, and make recommendations on,  
76 27 the conversion of all property tax certifying entities to a  
76 28 percentage limit basis as is provided in this Act for cities  
76 29 and counties, and partially for school districts.

76 30 The committee shall report to the general assembly by  
76 31 January 15, 2006, and by January 15, 2007.

76 32 Sec. 135. EFFECTIVE DATE. This division of this Act,  
76 33 being deemed of immediate importance, takes effect upon  
76 34 enactment.

#### 76 35 EXPLANATION

77 1 This bill makes various changes to the law relating to  
77 2 property taxes, assessment of property, city and county  
77 3 budgets funded primarily by property taxes, and school  
77 4 district budgets funded primarily by state and local taxes.

77 5 Division I of the bill makes changes relating to local  
77 6 budgets and property taxes. The division provides that if a  
77 7 new state mandate is imposed on or after July 1, 2006, which  
77 8 requires the performance of a new activity or service or the  
77 9 expansion of a service beyond what was required before July 1,  
77 10 2006, the state mandate must be fully funded. If the state  
77 11 mandate is not fully funded, the affected political  
77 12 subdivisions are not required to comply or implement the state  
77 13 mandate. Also, no fines or penalties may be imposed on a  
77 14 political subdivision for failure to comply or carry out an  
77 15 unfunded state mandate.

77 16 The division strikes Code section 25B.2, subsection 3, and  
77 17 rewrites it as a new section outside the intent section of  
77 18 Code chapter 25B. The rewritten section removes a qualifying  
77 19 phrase relating to specification of costs which provides that  
77 20 a political subdivision may still be required to carry out an  
77 21 unfunded state mandate. The rewritten section also strikes  
77 22 the exception for federal mandates and for mandates relating  
77 23 to public retirement systems. The rewritten section does not  
77 24 include area education agencies and community colleges in the  
77 25 definition of "political subdivision".

77 26 The division increases the regular program foundation base  
77 27 per pupil from 87.5 percent to 95 percent, beginning with the  
77 28 budget year commencing July 1, 2007, to offset the increase in  
77 29 school property taxes due to the changed method of assessment.  
77 30 The division reduces the \$5.40 foundation levy to \$4.32.

77 31 The division provides that, beginning with the fiscal year  
77 32 beginning July 1, 2007, a school district cannot levy property  
77 33 taxes, other than foundation and additional property taxes, in  
77 34 excess of .25 percent of the taxable value of residential and  
77 35 agricultural property and .75 percent of commercial property  
78 1 and .5 percent of industrial property. The division contains  
78 2 transition provisions for tax levies for fiscal year 2007=  
78 3 2008, fiscal year 2008=2009, and fiscal year 2009=2010. The  
78 4 division also provides that for the fiscal year beginning July  
78 5 1, 2010, and subsequent fiscal years, such school district  
78 6 property taxes by class cannot increase by more than the  
78 7 consumer price index for the preceding 12 months.

78 8 The division provides that, beginning with the fiscal year  
78 9 beginning July 1, 2007, a county cannot levy property taxes in  
78 10 excess of the following percentages:

78 11 For residential property in the unincorporated area, 1  
78 12 percent of the taxable value.

78 13 For income residential property in the unincorporated area,  
78 14 one-half of 1 percent.

78 15 For agricultural property in the unincorporated area,  
78 16 three-fourths of 1 percent.

78 17 For commercial property in the unincorporated area, 2  
78 18 percent.

78 19 For industrial property in the unincorporated area, 3  
78 20 percent.

78 21 For residential property in the incorporated area, one=  
78 22 fourth of 1 percent.

78 23 For agricultural property in the incorporated area, one=

78 24 fourth of 1 percent.

78 25 For commercial property in the incorporated area, 1  
78 26 percent. The 1 percent is lowered for successive years until  
78 27 it reaches three-fourths of 1 percent.

78 28 For industrial property in the incorporated area, 1  
78 29 percent.

78 30 For income residential property in the incorporated area,  
78 31 one-half of 1 percent.

78 32 The division contains transition provisions for tax levies  
78 33 for fiscal year 2007=2008, fiscal year 2008=2009, and fiscal  
78 34 year 2009=2010.

78 35 The division requires that if a county's ending fund  
79 1 balance for a budget year exceeds 25 percent of budgeted  
79 2 expenditures, the excess over 25 percent must be explicitly  
79 3 reserved or designated for a specific purpose. The division  
79 4 applies to ending fund balances in the general and general  
79 5 supplemental funds and the rural services and rural services  
79 6 supplemental funds. The division defines "budget year",  
79 7 "current fiscal year", and "item".

79 8 The division provides that if the amount of the ending fund  
79 9 balance is protested to the state appeal board, the county has  
79 10 the burden of proving that the amount over 25 percent is  
79 11 reasonably likely to be appropriated for the reserved or  
79 12 designated purpose. The limitation applies to fiscal years  
79 13 beginning on or after July 1, 2010.

79 14 The division also provides that, beginning with the fiscal  
79 15 year beginning July 1, 2007, a city cannot levy property taxes  
79 16 in excess of 1 percent of the taxable value of residential  
79 17 property, three-fourths of 1 percent for agricultural  
79 18 property, and 2 percent for commercial property and industrial  
79 19 property. The 2 percent for commercial property is lowered  
79 20 for successive years until it reaches 1 and one-half percent.

79 21 The division contains transition provisions for tax levies  
79 22 for fiscal year 2007=2008, fiscal year 2008=2009, and fiscal  
79 23 year 2009=2010.

79 24 The division allows a city or a county to impose, by  
79 25 ordinance, a service charge against property located in the  
79 26 city or county, as applicable. If a city or county imposes a  
79 27 service charge, that city or county's maximum percentage levy  
79 28 shall be lowered to reflect the amount of service charges  
79 29 estimated to be collected for the fiscal year.

79 30 The division increases from 50 percent to 75 percent the  
79 31 portion of base year expenditures paid by the state for mental  
79 32 health, mental retardation, and developmental disabilities.

79 33 The division removes the square footage tax on mobile homes  
79 34 and manufactured homes and replaces it with the ad valorem tax  
79 35 imposed on other residences. The bill provides that real  
80 1 estate of a mobile home park or land-leased community shall be  
80 2 assessed and taxed as improved residential property.

80 3 The division also provides that, beginning with the fiscal  
80 4 year beginning July 1, 2010, and subsequent fiscal years, city  
80 5 or county property taxes by class cannot increase by more than  
80 6 the consumer price index for the preceding 12 months.

80 7 The division lowers the amount of interest that can be  
80 8 charged against delinquent property taxes. The interest rate  
80 9 is changed from 1 and one-half percent to 1 percent before tax  
80 10 sale. The interest rate after the delinquent taxes are sold  
80 11 at tax sale is changed from 2 percent to 1 and one-half  
80 12 percent.

80 13 The sections of the division relating to delinquent  
80 14 property tax interest rates take effect July 1, 2005, and  
80 15 apply to property taxes which become delinquent on or after  
80 16 July 1, 2005, and to parcels sold for delinquent taxes on or  
80 17 after July 1, 2005. The remainder of the division takes  
80 18 effect July 1, 2006, and applies to fiscal years beginning on  
80 19 or after July 1, 2007.

80 20 Division II of the bill, relating to assessment of  
80 21 property, provides that the sale price of property sold in the  
80 22 calendar year prior to the assessment year shall be presumed  
80 23 to be the market value of the property for that assessment  
80 24 year if the buyer and the seller were not immediate family  
80 25 members.

80 26 The division removes the property tax assessment  
80 27 limitations on residential, commercial, industrial, and  
80 28 agricultural property and requires that all such property be  
80 29 valued at a five-year average of its fair market value. The  
80 30 division provides a reduction from actual value of 50 percent  
80 31 up to a maximum of \$65,000 per farm unit. "Farm unit" is  
80 32 defined in the division. The division also provides a  
80 33 reduction from actual value of 50 percent up to a maximum of  
80 34 \$20,000 for improved residential property and 50 percent up to

80 35 a maximum of \$25,000 for improved commercial and improved  
81 1 industrial property. The division creates a new class of  
81 2 property, "income residential", and provides a reduction from  
81 3 actual value of 50 percent up to the maximum of \$20,000. The  
81 4 division provides that the reduction amounts shall be annually  
81 5 increased for inflation.

81 6 The division allows counties to share in the employment of  
81 7 a county assessor.

81 8 The division makes conforming amendments to sections  
81 9 pertaining to valuation of property in an urban renewal area  
81 10 and valuation of property owned by telegraph and telephone  
81 11 companies, express companies, and electric cooperatives.

81 12 The division also provides that if the assessor is unable  
81 13 to establish fair market value of newly constructed  
81 14 residential property because of a lack of comparable sales,  
81 15 the assessor shall use the replacement cost method to value  
81 16 the property.

81 17 The division provides that agricultural land containing an  
81 18 animal feeding operation structure shall be assessed as  
81 19 agricultural land only if it is owned by a certain type of  
81 20 owner and is operated by a person actively engaged in farming.  
81 21 "Owner" and "actively engaged in farming" are defined in the  
81 22 bill.

81 23 The division provides that agricultural land that is owned  
81 24 by a certain type of owner and farmed by a person actively  
81 25 engaged in farming shall, upon application of the owner, be  
81 26 placed in an agricultural land reserve for purposes of  
81 27 assessment and taxation if its assessed value exceeds by 25  
81 28 percent the average assessed value for agricultural land in  
81 29 the county. Land in an agricultural land reserve shall be  
81 30 assessed at an amount equal to the average assessed value per  
81 31 acre of agricultural land in the county. "Owner" and  
81 32 "actively engaged in farming" are defined in the bill.

81 33 The division provides that attorney fees incurred by a  
81 34 property owner or aggrieved taxpayer in an appeal of an  
81 35 assessment to district court may be awarded by the court and  
82 1 assessed against the board of review or any taxing body  
82 2 involved in the appeal unless the court determines that the  
82 3 protest of assessment was frivolous and, in that case, the  
82 4 court may assess the costs of defending the protest against  
82 5 the owner or taxpayer.

82 6 The division increases from three years to six years the  
82 7 time period that subdivided property shall be assessed as  
82 8 acreage or unimproved property.

82 9 The division takes effect January 1, 2006, and applies to  
82 10 assessment years beginning on or after January 1, 2006.

82 11 Division III of the bill, relating to property tax credits  
82 12 and exemptions, strikes the state reimbursement for the  
82 13 homestead property tax credit and military property tax credit  
82 14 and changes the credits to exemptions from assessed value.  
82 15 The homestead exemption amount is increased from \$4,850 to  
82 16 \$5,000. The military exemption amount is increased from  
82 17 \$1,852 to \$2,000. The amount of exemption for veterans of  
82 18 World War I is reduced from \$2,778 to \$2,000. The military  
82 19 tax exemption is expanded to all persons currently serving in  
82 20 the armed forces of the United States and those honorably  
82 21 discharged.

82 22 The division amends provisions relating to the elderly,  
82 23 disabled, and low-income property tax credit by making it an  
82 24 exemption from assessed value and by eliminating the sliding  
82 25 scale for income and exemption amount and replacing it with a  
82 26 flat exemption amount of \$2,500. Elderly persons, disabled  
82 27 persons, and low-income persons all of whom have household  
82 28 income of less than \$16,500 are eligible for the credit.

82 29 The division directs the Code editor to change "credit" and  
82 30 "credit or reimbursement" to "exemption" wherever it occurs in  
82 31 the Code in relation to the military tax credit and the  
82 32 homestead tax credit. The division also provides that all  
82 33 three exemptions are not considered to be newly enacted for  
82 34 purposes of state mandate funding requirements.

82 35 The division limits the pollution-control property tax  
83 1 exemption to \$100,000 of value.

83 2 The division provides that any land in a forest reservation  
83 3 is exempt from school district levies only. The division  
83 4 requires the owner of land in a forest or fruit-tree  
83 5 reservation to annually certify that proper management  
83 6 techniques, such as pruning and planting, are being followed.

83 7 The division repeals the family farm property tax credit  
83 8 and the agricultural land property tax credit. The division  
83 9 makes conforming amendments pertaining to these repeals.

83 10 The sections of the division amending the homestead tax

83 11 credit, the elderly, disabled, and low-income tax credit, and  
83 12 the military tax credit and repealing the family farm tax  
83 13 credit and the agricultural land tax credit apply to taxes due  
83 14 and payable in fiscal years beginning on or after July 1,  
83 15 2006. The section of the division limiting the value of  
83 16 pollution control that is exempt applies to exemptions on file  
83 17 as of July 1, 2006, or first applied for on or after July 1,  
83 18 2006. The remainder of the division applies to assessment  
83 19 years beginning on or after January 1, 2006.  
83 20 Division IV of the bill establishes an implementation  
83 21 committee to study the effects of implementation of the bill.  
83 22 The committee is to report to the general assembly by January  
83 23 15, 2006, and by January 15, 2007. The division takes effect  
83 24 upon enactment.  
83 25 LSB 3632SC 81  
83 26 sc:rj/gg/14